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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2080



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BETTER USE OF RAW MATERIALS IN HEAVY INDUSTRY URGED

Tirana ZERI I POPULLIT in Albanian 21 Oct 80 p 3

[Article by Agron Cuadari, director of directorate of balance in Ministry of Industry and Mines: "An Important Direction of the More Complex Use of Raw Materials"]

[Text] Recently, in the implementation of certain studies which were conducted by the department, the enterprises themselves, the scientific sectors and the institutes of petroleum, mines, geology, mechanics and metallurgy, within the framework of tasks assigned to us for strengthening the technical and scientific revolution, a series of significant achievements were noted for reducing the rate of consumption of raw materials, which have led to a continuing reduction of technological waste in lowering costs in industry.

However, much remains to be done both in the level of utilization of mineral reserves and processing them, as well as in the further reduction of technological waste in several sectors of industry. Production will increase considerably in the future. The raw materials to cover these accomplishments will be derived by reducing existing standards. Thus, a one-percent reduction in power consumption below the present level will save the economy as much as the "F. Engels" powerplant on the Mat River produces. This, too, is the task regarding raw materials.

The directorate of balance in the Ministry of Industry and Mines is concerned about the better use of raw materials. Analyzing the level of fulfillment of existing standards, it and other directorates in the ministry and enterprises have been assigned specific tasks for the more rational use of mineral ore and raw materials.

The exploitation of copper ore today is done selectively, aiming to extract from underground the rich copper ore which is found in layers within the zone. This method of exploitation leaves 15 to 20 percent of industrial reserves unmined, machinery cannot be applied and, as a consequence, production costs are very high.

The effectiveness with which the copper enrichment factories operate in preparing the concentrates for smelting in the copper plants cannot be discussed. Suffice it to say that the overall costs at a plant where concentrates are smelted are two times less than at the plants where un-enriched copper ore is smelted, including the cost of enrichment. On the other hand, the enrichment of copper ore yields pyrite concentrates, which serve in the production of sulfuric acid. However, the pyrite is lost by smelting unenriched ore. Through the use of the copper concentrate for smelting, the possibilities exist to produce sulfuric acid at the Rubik and Kukes copper plants, as is done at Lac. Projects are being planned for them and the goal is to implement them quickly. Likewise, the directorate of metallurgy is carefully pursuing the implementation of those tasks which will enhance the recovery rate at the copper enrichment factories. Were we to raise the recovery rate by five percent at the four existing plants, we would derive 500 tons of blister copper, equal to more than 3.5 million leks in foreign exchange obtained by exporting it. Raising the recovery rate is closely connected with raising the technical discipline on the job by those who work in these factories and with the application of more advanced technology, suiting it to the quality of the ore as a functional aspect of the equipment, as well as the use of chemical reagents.

Despite the steps taken, a continuing problem is that of using technological waste in the industrial, ferrous metallurgical, chemical, mechanical and lumber sectors. The tasks for this were specified by the Council of Ministers in its decisions No 166 dated 25 January 1979 and No 24 dated 3 April 1980. Many of the problems in these fields are in the study phase. Much ash comes from burning coal. Some of it is used in building materials, but, for example, ashes produced from burning coke in ferrous metallurgy are not being used. There is currently 20 thousand tons of coke ash which is subject to simultaneous combustion and is not given a useful destination. In light of the fact that this waste will build up for years, it becomes our duty, in cooperation with the other departments, to resolve this problem quickly. The opening of the refractory brick production plant in the "Steel of the Party" metallurgic complex in Elbasan creates possibilities for the broader use of refractory bricks as a raw material. Refractory bricks are now used at the plants within the complex, at the copper, chrome and pig iron plants, in the thermoelectric power plant boilers, etc., which are being replaced during their basic intermediate overhaul. To do this work well, however, requires study and rigid discipline in the implementation of tasks, since the attention we have paid to technological waste until now has been inadequate and it has been considered by the majority of users as worthless scrap and has been discarded by plants and enterprises. The supplying of spare parts and fire bricks in the future, whether by the complex or by importing, should not be done unless the used elements are returned. It is up to us to put this rule first and to seek its full implementation.

Soap and naphthenic acids are produced from petroleum waste at the petroleum processing plants at Stalin City and at Cerrik, and a part of the sodium sulfides, which is used in making paper, was produced this year at the petroleum processing plant at Ballsh. The directorate of the polyvinyl chloride plant in Vlore should pay greater attention and do concrete work for the utilization of industrial waste water. Also of interest are the wastes which occur during the production of coke at the metallurgic complex.

In the machine industry, despite the efforts made to enhance the coefficient of the use of metals (steel, iron, bronze, aluminum, sheet metal) and steps which have been taken to form shavings into briquets and to collect salvage and resmelt it, achievements are still low. This is evident not only in that the coefficient of steel utilization has remained at the 60 to 70 percent figure, but also in that the majority of plants exceed the metal consumption standards.

While a better effort is being made at the tractor complex and the farm machinery plant in Durres to make use of the steel and iron shavings which occur during the production of parts, this experience is not being applied at the other machine plants and shops. This puts the task before the Institute of Mechanical Studies and Projects and the respective directorate in the department to study this problem in detail and to find the most rational methods in each plant while insuring their handling and forwarding for resmelting at the "Steel of the Party" metallurgy complex.

Scraps which occur from the processing of sawn material will be used at the plants which are to be erected at the lumber complex in Lac, at the paper factory in Kavaje and at the wood processing enterprise in Korce. Material for paper production and other materials necessary for the foundries and machine plants, the petroleum industry and the production of refractory bricks will be obtained from these scraps. The construction work on these plants will be accelerated.

However, in the paper manufacturing industry, the growth of production through the fuller use of cellulose and scrap paper has not yet reached the solution sought after, nor has the purification of sodium water, by which not only is the environment protected from pollution, but also two to three thousand tons of caustic soda are produced annually.

The problems raised above are closely related to the great tasks which the Eighth Plenum of the Party Central Committee assigned us to resolve. The cadre and material base needed to accomplish these tasks exist, but to implement them as fast as possible requires greater mobilization and a responsible effort on the part of enterprise directorates. As a directorate which deals with the balances of raw materials and control of their use, we are reviewing our work methods. The standards for every unit of production constitute the maximum possibilities which the state has to supply

enterprises with this or that raw material. Therefore, we are not going to leave it up to one or two individuals at an enterprise to pursue this, as happens in many cases now, but will struggle to make it a problem of the workers, seeking strong measures to prevent overspending one by one, for every material or raw material which they use, according to standards which the state has set.

5658

CSO: 2100

OVERCONSUMPTION OF RAW MATERIALS CRITICIZED

Tirana ZERI I POPULLIT in Albanian 22 Oct 80 p 1

[Editorial: "Maximum Conservation and Optimum Use of Raw Materials"]

[Text] One of our economy's great problems is the further reinforcement of the conservation and careful use of raw materials. Raw materials currently constitute about two-thirds of production expenses in the cost of industrial production. In the future, new quantities of raw materials will be needed, with the further development of industry and other branches. These are obtained in three ways. First, by increasing the production from mines and other branches of the mining and processing industry; secondly, through its better use, i.e., by conserving over and above the present standards of use per production unit and, finally, by importing. The Eighth Plenum of the Party Central Committee emphasized the first two measures and presented the immediate task to alter the ratio of two-thirds of the funds currently being spent to import raw materials and one-third spent for machinery and equipment in favor of reducing the raw and other materials still being imported in order to increase the purchase of the most essential machinery and equipment.

Other reasons also exist which make the steps for raw material conservation very essential. The major source of accumulation in enterprises during the next five years will be cost reduction. However, materials constitute over 70 percent of the cost in industry. Therefore, the conscientious effort of our workers and the effect of organizational measures for the best implementation of our great principle of self reliance find expression here in the proper use and conservation of raw materials.

One of the most important aspects of research and applied work is the replacement of imported raw and other materials with domestic ones. The Eighth Plenum of the Party Central Committee has specified a series of tasks for geological research, for metallurgy, the chemical industry, construction, agriculture, etc. The problem in the fuel field remains the procurement of coking coals, in the field of chemistry it is the procurement of phosphorites, for construction there are many technical materials

of iron, steel, plastic, etc., which should be obtained from local industry, just as greater possibilities exist for domestic steel and materials for the textile, chemical and other industries. The institutes which engage in technological research under the economic departments, as well as those of the Academy of Sciences, the university departments, etc., must plan their tasks better and work toward specific goals connected with production for the rapid solution of its most critical problems.

The replacement of scarce and more expensive raw and other materials with those which are less scarce and cheaper is another area for conservation and a great source for increasing production. The fields in which we should proceed more boldly are the replacement of petroleum by-products with coal, putting low calorie and "poor" coal to broader use in place of other combustible materials, etc. This is a large field which requires serious scientific studies in metallurgy, the production of construction materials, etc. The most advanced thinking of our technologists is expected here. It is also a fact that lumber represents the highest cost in ore production on capital projects, on research and preliminary projects and in mines. The replacement of lumber with prefabricated concrete and reinforced concrete parts is an immediate requirement.

The scientific use of raw and other materials requires greater attention in order to derive more products from it. Awareness and implementation of decisions for the standardization of materials for each unit of production are very important in this regard. The tasks specified for this and the steps which have been taken to implement them cannot all be fully defined. The conservative use of steel remains an unsolved problem. Suffice it to mention that no more than 55 tons of parts or machinery are produced for every 100 tons of steel used by the plants and machine shops in Durres District, at a time when 72 to 80 tons are produced per 100 tons at the Enver Hoxha Tractor Complex, a very large difference which adds to the amount of technological waste in Durres's case. Through an analysis made by the directorate of balance of the Ministry of Industry and Mines concerning the implementation of certain standards approved for raw materials and fuel, the overruns by enterprises were alarming. Only about 40 percent of the standards were implemented. Thus, to accomplish the tasks of the plan, quite a few enterprises ordered quantities exceeding that needed for the planned production. For several sectors the situation was as follows: over one-third of the standards were exceeded in the machine industry, with the same being true in the lumber industry. For example, the lumber mill in Shkoder exceeded the amount of wood for furniture, the metallurgical complex in Elbasan earlier implemented only 24 of 56 standards, etc. The coal mine at Memaliaj exceeds the number of poles per 1000 tons produced, etc.

These excesses in the consumption of raw and other materials come from the carelessness which certain enterprise managers demonstrate toward their proper administration and use. Thus, in quite a few plants and machine shops, the use of steel, galvanized sheet metal, concrete reinforcement rods, etc.

in enterprises is pursued globally. The cost is not projected and the weight standards are not followed for each part or product. As a result of this, steel is consumed "generally" according to product value. This way of doing things in enterprises does not help to strengthen internal control to increase savings. Therefore, the unit cost and technical standards for the use of steel are essential. This year, in comparison with last year, the import price for steel for spare parts increased 15 to 20 percent, that for sheet metal increased 30 percent, while the prices of shaped iron and concrete reinforcement rods, in comparison with 1978, increased over 40 percent. At several enterprises, the tracking of standards for the use of raw and secondary materials has either been reduced to a "task" for a single individual in the directorate, or has been left up to warehousemen who, at the end of each month, file a report attesting to their thriftiness. Therefore, it often happens that the quantities of raw and other materials used do not coincide with the quantities of products produced.

The measures for strengthening the saving system in every field, and especially for raw and other materials, should be reinforced effectively, since this is a new reserve for increasing production. "Communism," stressed Lenin, "begins where there is self-sacrifice to preserve each gram of grain, coal, iron and other products for the benefit of the socialist society." The problem is central: the raw and other materials constitute two-thirds of product cost. This is both the great front of the struggle for savings and the most important basis of our accumulation.

5658

CSO: 2100

PROGRESS IN ARTIFICIAL INSEMINATION OF LIVESTOCK DISCUSSED

Tirana BASHKIMI in Albanian 4 Oct 80 pp 1, 2

[Article by Zyhdi Shahini and Prio Telu: "Administration and Production Level Should Correspond to Investments and Growing Need for Livestock Products"]

[Text] We have been working on the artificial insemination of cattle for more than 20 years, and on selection, raising production parameters and increasing the poultry line for eggs and meat for more than eight years. Artificial insemination, the method with the greatest economic and breeding effectiveness for improving cattle, has been expanding from year to year. During the sixth 5-year period the number of inseminated cows increased 22 percent. This task was accomplished by keeping at a single center the bulls of five breeds, two of which were specialized for milk production, two for meat and one for the threefold purpose of milk, meat and labor. The high value of this breeding base is confirmed in practice. The Kamez and the "17 Nentori" agricultural enterprises today are averaging 200 to 300 more liters of milk per cow than they did several years ago. Almost all cows at agricultural enterprises today are purebred, while those at cooperative units constitute about 30 percent, with a tendency to reach 70 percent by 1985.

Nevertheless, it should be mentioned that not everything is being done correctly or well. Thus, while the districts of Durres, Fier, Gjirokaster, Kruje, Lezhe, Lushnje and Sarande, which encompass 75 percent of the total number of cows, have correctly assessed the advancement of artificial insemination of cows, the districts of Diber, Kukes, Librazhd, Mat, Mirdita, Puke, Skrapar and Tropoje, which inseminate only 11 to 30 percent of their cows, appear to be quite far behind.

To give precedence to the rapid development of poultry, genetic selection studies have been conducted and production indices have been improved noticeably. For more than five years the incubation centers of the Institute of Livestock Research each year have been producing and distributing to agricultural units over 600,000 sexed chicks derived from flocks which annually yield over 200 eggs per chicken. The large investments which the

state is making are justified by the increase in egg production by a number of production units. The poultry-raising enterprises at Tirana and Elbasan are getting 200 to 204 eggs per hen annually, Maliq and Sukth 145 to 150 annually and the "Partisan" agricultural cooperative over 130 eggs annually. However, a good part of the agricultural enterprises and cooperatives in such districts as Sarande, Durres, Mat and Kukes are not achieving the desired results. Why? Because there is procrastination in the proper feeding of poultry and in creating the necessary conditions for raising them. The agricultural and planning sections in the executive committee of district people's councils, which permit the planning of egg production by these flocks far below their genetic capacity, are also responsible for this situation.

The Eighth Plenum of the Party Central Committee stressed that, despite the achievements in the livestock sector, the level of breed improvement, the technology of administration and the productivity level of animals still do not correspond to the large investments which have been made in this branch of the economy in all directions, nor to the ever-growing need for milk, eggs, meat, wool and leather. As employees of the Institute for Livestock Research, we too feel our responsibility for the shortcomings and deficiencies in the work in this direction, especially in improving the breed of cattle and poultry, which we have been charged to manage and to be responsible for on a national basis. This is due to the fact that the results of our work are directly dependent upon the accomplishment of tasks in the country's agricultural units for the production of milk, beef and chicken. Analyzing our work up to now in this light, in order to lay a firmer scientific foundation for improving the breed of cattle and poultry and to justify the large investments which the state has made and will make in the livestock branch, we have programmed our work for the years of the next five-year plan and beyond, according to the orientations of the Eighth Plenum of the Party Central Committee.

Due to the fact that stud animals are active for a long time and that their influence extends for several generations, in the field of selection we will start with the application of the most advanced contemporary scientific methods, evaluating bulls by their offspring, with the goal of verifying and fixing their best improvement traits. Consistent with this, we are working so that in the near future we can enter into the preservation and use of biological material by deep freezing in liquid nitrogen. This method will create the possibility to extend artificial insemination broadly and will permit the use of bulls having the highest production and the best improvement traits. As a basis for the development and breed improvement of cattle by the line reproduction method, we have begun grouping bulls and cows in breeding units according to genealogical lines, an effort which is expected to terminate in 1982.

With the goal of raising the breed improvement of cattle to a higher level and fully attaining the productive levels and capacities of the breeds, a detailed study will be made of the methodology and technology of the work

which must be done at the breeding farms to guarantee the selection, administration and feeding to obtain 4,000 to 5,000 liters of milk per cow of the "Black Spotted" breed and 3,000 to 3,500 liters from cows of the "Sukth" breed.

In the seventh 5-year period, we will begin to experiment and implement artificial insemination with such other animals as horses, swine and poultry, with the goal of enhancing the fertility in these species and to synchronize production in the industrial centers for raising hogs and turkeys, which are to be constructed and put into operation during this five-year period. Similarly, work will begin on genetic and laboratory studies to determine the chromosomal profile of each breeding animal.

To intensify the breeding effort with poultry, centers have been built in recent years to maintain them at the third-generation level, for which the state has invested more than three million leks, not to mention the value of technical equipment. Within the next five-year period it is anticipated that the center of the complete poultry-breeding structure will be built, for which other larger amounts will be invested. Intensification of the genetic selection effort has been programmed for poultry on these firm foundations with the goal of improving and consolidating their productive capacity in flocks similar to those poultry lines which are used in world practice today. Work is underway and will continue with the egg-producing lines, where a production level of 240 to 260 eggs per hen is expected to be reached, while 210 to 220 eggs per hen is anticipated by merging them under the production conditions of the poultry-raising enterprises. To ensure this production level, the extension of tests for combining these lines in open production is planned. This breeding material is expected to be put into production practice in the early years of the next five-year period.

Among the meat-producing poultry lines, selection efforts are intensifying regarding body weight, the enhancement of egg fertilization and the chick hatching percentage, with the goal of obtaining from each hen 80 to 100 chicks to be raised for meat. A task has also been imposed to provide chicks at the age of 70 days weighing 1.4 to 1.5 kg by combining two lines with promising data under the production conditions of poultry-raising enterprises, as compared with the 1.1 to 1.2 kg chicks which have been provided by combinations up to now. In this manner we will correspond better to the advanced technological level practiced in the meat production sector at the poultry-raising enterprises.

5658

CSO: 2100

CZECHOSLOVAKIA

BRIEFS

SHORTAGE OF MATCHES--The current shortage of matches in Slovakia is blamed on poor quality of paper cardboard imported from Yugoslavia. The situation should improve in the beginning of 1981. [Bratislava PRACA in Slovak 19 Dec 80 p 4]

CSO: 2400

GERMAN DEMOCRATIC REPUBLIC

EFFECT OF WORLD ECONOMIC DIFFICULTIES ON GDR DISCUSSED

East Berlin DEUTSCHE AUSSENPOLITIK in German Vol 25 No 10, Oct 80 signed to press 1 Sep 80 pp 16-38

[Analysis by Prof Dr Eugen Faude and Prof Dr Gerhard Grote, Bruno Leuschner College of Economics, East Berlin: "Examinations and Surveys: The GDR in the World Economy." Translations of the East Berlin EINHEIT articles by Dr Herbert Kroker and Prof Helmut Koziolk, cited in footnotes 10 and 17 respectively, are published as parts of a collection of articles under the heading: "Combine Managers' Tasks, Improved Production Methods Discussed," in JPRS 76104, 24 Jul 80, No 2026 of this series, pp 34-76, as follows: Kroker under "Metalworking, Plastic Processing Machinery" (pp 49-56) and Koziolk under "Raw Material Refinement" (pp 56-65)]

[Text] The GDR is a highly developed industrial state. Because of the size of its industrial potential and the economic importance of its industry it numbers among the 10 strongest industrial nations in the world.¹ Based on the organizational achievements in the past few decades and as a result of SED policy drawn up after the Eighth Party Congress, as Erich Honecker stated at the 12th meeting of the SED Central Committee, the socialist social order in the GDR has achieved a substantial degree of maturity, inner stability and at the same time effectiveness externally. "In this period our republic has continued to blossom as an economically highly efficient country in which the results of material production benefit the people to an increasing extent, a country in which education and culture have reached a level heretofore unknown in the history of our people."²

Because of its involvement in socialist economic integration, the GDR economy is closely linked with the economies of the USSR and the other CEMA countries. Economic cooperation and economic integration with the fraternal states is a decisive condition for stable economic and social development in the GDR. Beyond that, by means of diverse economic relations with developing countries and capitalist industrial countries and in relation to the nonsocialist industrial sector the GDR is utilizing the advantages which accrue to the partners from the internationalization of economic life and the international division of labor.

Systematic utilization of the advantages of the international division of labor was and is a primary method of increasing efficiency and guaranteeing the proportionality of the economy. But it also brings about a stronger influence of world economic development processes on the GDR economy.

The widespread world economic changes which occurred in the 1970's and which apparently will also have a substantial influence on international economic relations in the 1980's involve substantial consequences for the GDR economy overall and for its foreign trade in particular. This concerns chiefly the negative effects of the enormous increase in prices and the partial shortage of raw materials and fuels in international markets and of the increasingly worsening manifestations of crisis in the capitalist world economy in which, as set forth at the 11th meeting of the SED Central Committee, we "are dealing with increasing currency erosion and accelerated inflation, with a further intensification of competition and with sensitive trade restrictions."³

Now and in the future this development places extremely high demands on the GDR's economic performance capability. In general, it can be stated that, not least because of the serious changes in the international economic and also political situation at the threshold of the 1980's, qualitatively new reproduction conditions have developed which represent a sizable challenge to the creativity and industriousness of all working people. Thus, in its overall policy the SED is oriented toward the rapid achievement of the objectively essential economic increase in output, chiefly along the lines of substantially more efficient use of scientific-technical progress and of accelerated intensification of economic efficiency. Coping with the new demands is decisive for guaranteeing what has been achieved thus far and for continuing to gradually raise the people's material and cultural standard of living.

In the long run the future development of the GDR's position in the international arena is also dependent on this. "The economic rank of a country is... no longer determined only by the scope of its production. To an increasingly greater degree the ability to control the most modern technologies and to produce products of the highest quality is becoming the focal point. We must take this into consideration when we endeavor to maintain and expand our good economic position."⁴

The present article deals with several aspects of the interrelationships between growth in economic output, increasing involvement in the international division of labor and the intensified influences of international conditions on the economic reproduction process.

The GDR--An Affluent Industrial State and International Economic Partner

The position of a country in the world economy is determined by the level and the development of its socioeconomic structure, its economic potential, its productive resources and its involvement in the international division of labor.

Characteristic of the GDR economy are the stability, continuity and dynamics of its development. This becomes particularly obvious in view of the manifestations of crisis in the capitalist world which have generally been getting worse and coming in bunches since the mid-1970's (see Appendix, Table 1).

While in capitalist industrial countries economic growth since 1974 is practically half what it was in the 1960's and the capitalist world at present is heading for a new cyclical crisis, the GDR economy and the economies of most of the other socialist fraternal states show steady growth.

Development in the capitalist industrial countries is marked by further worsening of inflation and unemployment (records revealed approximately 20 million unemployed persons in the 24 OECD member countries in mid-1980), by the decline in real wages that started in 1974-1975, by the drastic downturn in housing construction and thus by severe setbacks in the standard of living and social security of the working population. In contrast to that, in the GDR, in accord with the resolutions of the Ninth SED Party Congress to guarantee full employment, additional marked progress was achieved in improving the standard of living.

These economic performances must be valued highly. This all the more so as the GDR, because of its relatively low raw material base, is affected to a far greater extent than many other countries by the increase in prices and the shortage of raw materials in world markets.

The GDR has a high degree of economic potential.⁵ Based on UN publications and on international comparisons of national income and world trade figures in Soviet state statistics, we can cite, for example, the following indexes which relate to the international economic importance of the GDR:⁶ With 0.4 percent of the world's population, the GDR has about 1.5 percent of the world's national income, about 1.25 percent of world trade and approximately 2.5 percent of the world's industrial production. Table 2 (see Appendix), using a number of selected internationally comparable products, makes the high level of production by the GDR economy clear.

These production figures are also reflected in the somewhat high supply and consumption quotas of the GDR population.

The production and export structure of the GDR economy is characterized by a continuous increase in the role of industry--particularly in those branches which are associated with scientific-technical progress. In 1950, 43.7 percent of the national income was from industry, in 1978 it was 60.4 percent. Exports consist almost entirely of industrial products and services. On an international scale, therefore, the GDR occupies a leading place in respect to the degree of industrialization. Although the rate of development in work productivity--as measured by the objective requirements--is still inadequate, the GDR was able in this regard, too, to achieve noteworthy results on an international comparison (see Appendix, Table 3).

Modern socialist agriculture in the GDR has achieved substantial increases in output. Since the establishment of the GDR, for example, the national yield of cattle was 9.5 times greater, milk was 5.7 times greater and eggs 22 times greater. The yield in cattle rose by 57.6 kg in 1950 to 360.4 kg in 1978 per hectare of usable agricultural land; for milk it rose from 266.4 kg to 1,245.6 and the number of eggs increased from 48 to 711.

Industrial production increasingly determines the image of economic activity in rural areas.⁷ But in this we must not overlook the fact that in the past few years there has been a certain slowing in the rate of development of per-hectare yields in crop production and the development of additional reserves necessary to increase productivity and yields.

The characterization of the GDR economy which was undertaken with the help of a small number of indexes shows that the GDR has developed the profile of an efficient economic partner within the world economy. In this connection, close economic

cooperation by the GDR with the USSR and the other CEMA countries was and is of decisive importance for this successful development. Based on cooperation with the CEMA member countries, to an increasing extent the GDR can also utilize the advantage of the international division of labor with developing countries and capitalist industrial countries.

However, in view of the enormous dynamics of world economic development processes, we must not overlook the fact that positions which have been achieved can be maintained and expanded only with intensified economic efforts. In order to continue the policy adopted by the SED in respect to full employment, national prosperity and stability in the face of altered world market conditions and in order to utilize even more comprehensively and efficiently in the future, too, the possibilities of socialist economic integration and also economic relations with nonsocialist countries, the issue in the GDR is that of achieving accelerated economic growth in capacity. In the struggle for high-level scientific-technical results, for comprehensive rationalization of production and for rapid growth in work productivity, we must always keep in mind that the standards in these sectors are ultimately set at the level of the world economy. In this connection Erich Honecker demanded that we undertake everywhere a conscientious evaluation of the situation and define those tasks which are appropriate to the new requirements.⁸ The economic and scientific-technical accomplishments and results which have been achieved, must, however, not simply be assessed by comparison with the past, but, to be entirely consistent, they must be compared with the international level.

"How they keep up with the international rate of development, with the requirements of international markets will be decisive. We must take note of the fact that the development of science and technology, the introduction of new products, methods and technologies, and changes in economic structures are taking place on an international scale at a speed thus far unknown. We are compelled to measure ourselves by these objective standards of scientific-technical progress, efficiency, quality and intensive management."⁹

Foreign Economic Intensity of the GDR Economy

The GDR's foreign economic relations embrace the totality of international economic relations and the associated scientific-technical relations. These include primarily foreign trade, international specialization and cooperation in science, technology and production, international investment cooperation, international transport relations, international tourism and international exchange, credit and finance relations. With the increasing importance of international specialization and cooperation in production, especially in the context of socialist economic integration, foreign trade still plays a decisive role in the overall system of the foreign economy. It is closely linked with the other previously mentioned forms, it realizes the results of international cooperation in the production sphere and provides varied impulses for the development and deepening of international economic relations in other forms. For this reason, the development of foreign trade, using Tables 4, 5 and 6 (see Appendix), provides the best information about the level and the development trend of including the GDR economy in the international division of labor.

The tables mentioned show that the GDR economy is characterized by high and continually growing intensity in foreign trade. In the past two decades, foreign trade

has developed considerably more rapidly than national income and industrial production; the general trend toward strengthened internationalization of economic life has thus prevailed fully in the GDR, too.

Detailed studies in individual branches of the economy show that the degree of foreign trade intensity and also the role of the GDR in socialist and capitalist world markets is still far greater than that expressed in the global indexes. In branches of machine building and electrical engineering and electronics such as polygraphic machine building, textile machine building, electronic data-processing systems, reforming technology, scientific equipment building, rail vehicles, ship-building and others, the overwhelming share of industrial goods production is exported, and with a number of products, for example, in polygraphic machine building and in machines and equipment for reforming technology, the GDR occupies leading positions on an international scale in respect to the highest scientific-technical level, which, among other things, is also reflected in the awarding of licenses to foreign manufacturers for specific products and production methods.¹⁰ Even in some sectors of the basic materials economy, for example, in the potassium industry, the GDR is among the leading exporters.

Furthermore, the intensity of the relations of the GDR economy with the socialist and capitalist world economy is also becoming visible in the import sector, specifically both in respect to the absolute import volume (in rolled steel, for example), but mainly in respect to the share of imports in the total consumption of raw materials (petroleum, natural gas, hard coal, coke, iron ore, nonferrous metals, cotton, and so forth).¹¹ In connection with the deepening of socialist economic integration, but also on the basis of long-term government agreements with capitalist industrial countries and of compensation contracts with capitalist conglomerates, importing machines and equipment and complete plants, respectively, has for years played a growing role for the GDR economy (compare Table 7).

These facts clearly refute claims by bourgeois economists that the GDR, as well as the other CEMA countries, with the help of the state monopoly in the foreign trade sector and the central state planning sector, is ostensibly striving for an economic policy of self-sufficiency and in particular is using economic relations with nonsocialist countries merely as a means to offset existing deficits in the material balance sheets and to remove existing disproportions, respectively. Thus, for example, in an anthology published in the United States, entitled "East-West Trade," it is stated: "An unavoidable consequence of the Eastern policy of promoting self-sufficiency on a national or regional basis is the negligible importance which is attributed to foreign trade in the economic plans of the Eastern countries." And according to the British journal *BANKER*, socialist countries regard foreign trade "only as a temporary means to bridge the deficiencies in the plan structure of a self-sufficiency economy."¹² Contrary to such fabricated claims, on the basis of systematic cooperation among the countries of the socialist community, the GDR foreign economic policy and that of the USSR and the other CEMA countries was and is directed at comprehensive utilization and further development of the possibilities of the international division of labor with the countries of the capitalist world system as well (compare also Table 9). This is in line with the direction in the SED program, namely, "to utilize the advantages resulting from internationalizing economic life and the international division of labor, based on the equality of rights and on mutual advantage for the socialist structure."¹³

Influence of International Economic Relations on GDR Economy

In line with the high degree of foreign economic intensity of the GDR economy, the influence of economic relations with socialist and nonsocialist countries on the economic reproduction process and, beyond that, on other sectors of society (foreign policy, national defense, culture, among others) is extremely great. At the 11th meeting of the SED Central Committee there was this related statement:

"The foreign economy has, even more, become a basic question of the overall economic growth, of the dynamics and stability of our development."¹⁴

Let us first consider the utilization of the advantages of the international division of labor to establish the requisite proportions of the economy. Because of the specific geological, climatic and other natural and historical conditions in the GDR, there is, to a substantial degree, the need to import goods which cannot be produced at all at home or not in sufficient quantities, and accordingly to export those products whose production exceeds domestic requirements and for which there is a demand in foreign markets (complementary function of foreign trade). Thus, extensive importing of production means and consumer goods was and is an essential prerequisite for the high level of production and consumption which has already been achieved and for the dynamic, long-term stable growth of the economy. Because of the natural resources which are present in limited quantities only, this applies chiefly to satisfying the demand for mineral and agricultural raw materials, which are imported mainly from the USSR, and for foodstuffs from tropical countries. Thus, in 1978, for example, imports included 19.9 million tons of petroleum, 3.6 billion cubic meters of natural gas, 8.5 million tons of hard coal and hard coal coke, 86,400 tons of cotton, 2 million tons of iron ore, 73,400 tons of manganese ore, 51,700 tons of chrome ore, 251,000 tons of bauxite, 35,100 tons of natural rubber, 2.76 million tons of grain, 52,100 tons of raw coffee and 23,700 tons of cocoa beans.¹⁵

However, at the same time, to a high and especially greatly increasing degree, with the help of the foreign economy, those effects of the international division of labor are utilized which are aimed at developing the most advantageous production structures and at achieving optimal production standards in the individual branches and product groups, respectively (substitutive function of foreign trade). Given the conditions in the GDR, this concerns, for example, overcoming the historically based strong fragmentation of production which is associated with small lot sizes and high costs of production, and with concentrating industrial production and exports on those products which can be produced at relatively low cost and which are characterized by low material and import intensity. Thus, it is a matter of establishing the most favorable ratio between domestic production, imports and exports both from the point of view of the macrostructure (that is, between the branches), as well as in respect to the microstructure (within the branches and product groups, respectively) and thus of achieving productivity and exchange effects for the economy.

In the GDR, this development is especially typical of the metal-processing industry sector and was promoted chiefly through specialization and cooperation in production with the CEMA member countries in the process of socialist economic integration. It simultaneously resulted in strong diversification in the importing of finished products, especially of machines and equipment, components and semi-finished products, and a substantial increase in the share of these products in total imports (compare Table 7 in the Appendix).

As Table 7 shows, in spite of the substantial increase in the share of machines and equipment in the GDR's overall imports, in the course of the past two decades the main share of imports has continued to consist of industrial and agricultural raw materials, while exports, in agreement with the overall structure of the economy, are characterized by the high share of finished products, particularly products of machine building and electrical engineering and electronics.

This goods structure of exports and imports in the gross classification by product groups is definitely in line with the conditions in the GDR as a highly developed industrial country with very limited natural resources in the way of mineral raw materials, and basically it has very positive effects for the development of the economy. At the same time, however, this structure is also the source of great sensitivity in respect to changes in world market prices such as occurred in the 1970's and apparently will also be typical of international trade in the 1980's. The drastic rise in the prices of raw materials since 1973-1974 and the new strong rise since 1979-1980, in which the price development for petroleum is especially severe, has resulted in a strong change in exchange conditions in international trade relations. The world market prices for finished products have, of course, likewise gone up, but to a far lesser extent. Thus, this change in the price ratio is having an especially strong effect on the balance of payments and the national income of countries like the GDR, for example, which are very dependent on importing raw materials while exports consist primarily of finished products (see Appendix, Table 8).

The development represented in Table 8 of the price indexes for raw materials and industrial finished products in the capitalist world market has a direct effect on the foreign trade relations of the GDR with nonsocialist countries where export and import agreements are reached at current world market prices. However, since the prices of the primary goods markets are an essential basis for price formation in mutual trade between the CEMA countries, these long-term trends in the development of the level and the relationships of prices in the capitalist world market also have an effect on the efficiency of GDR foreign trade with other CEMA countries. From this it follows that the conclusions demanded by this situation generally concern foreign economic relations both with socialist and nonsocialist countries; in this connection the principal differences in these relations which stem from the differentiated socioeconomic, political and ideological conditions must naturally be taken into consideration.

At the 11th meeting of the SED Central Committee the following assessment was made in reference to the development of world market prices:

"We...must...expect price increases to continue. Thus, it must be very soberly established that we are dealing not only with a further worsening of an already complicated situation. A new situation is developing for us. That is not a special problem of the GDR, it is one that all other socialist countries, indeed almost all countries in the world, must come to terms with. However, because of our situation in respect to raw materials and the strong dependence on foreign markets this hits us especially hard."¹⁶

As the current situation in the OECD countries clearly proves, in capitalist countries such far-reaching changes in world economic conditions have a spontaneous effect on the economic reproduction process, they aggravate the crisislike

development, mainly to the disadvantage of the working people in these countries and are particularly crassly expressed in high and increasing mass unemployment. In contrast to that, the socialist planned economy, the foreign trade and exchange monopoly of the state and the systematic cooperation within the socialist community of states offer more favorable possibilities for coming to terms with these complicated processes and for taking the necessary steps to overcome the difficulties mentioned in such a way that the unavoidable effects on the economy will be as small as possible.

The basic direction, which in this connection is concretely reflected in the economic plan and in the plans of the sectors and branches, is directed at the further strengthening of the export capability, primarily by an above-average increase in production and the sale of highly improved export products that are profitable in respect to foreign exchange; it is also aimed at lowering the consumption of energy and raw materials by the most efficient use of existing resources, including improvement of the secondary raw materials economy.¹⁷ Accelerating scientific-technical progress in material production as a primary source of growth in national income is of decisive importance here. "The pace of the 1980's depends on scientific-technical progress and its comprehensive utilization, in the growth of production and in the necessary improvement in the relationship of cost and result in economic activity."¹⁸

Thus, the issue here is not the reduction of international economic conditions because of foreign economic conditions which have gotten more complicated and thus diminishing the role of the international division of labor to solve the economic tasks, but rather the GDR foreign economic policy is aimed at doing justice, by means of further improvement of work in research and development, of production and in foreign trade activity, to the new world economic conditions and thus to primarily increase the efficiency of the foreign economy. This orientation is also becoming visible in the renewed growth of foreign trade sales in the first half of 1980. Thus, exports compared with the same period of the previous year increased 16 percent; this includes a 38-percent increase to developing countries and a more than one-third increase to capitalist industrial countries.¹⁹

In realizing this foreign economic policy, various prerequisites, problems and tasks arise in relations with the countries of the socialist and capitalist world economic system.

Table 9 shows that foreign trade with the socialist countries, which generally comprises more than 70 percent of the GDR's total foreign trade sales, is the focal point in the GDR's international economic relations.²⁰ At the same time, it is clear that foreign trade relations with nonsocialist countries with a share of about 28 percent and substantial annual rates of increase are likewise of great importance for the GDR economy.

The GDR in the Community of the CEMA Countries

Economic cooperation with its partners in CEMA forms the nucleus of the GDR's foreign economic relations. These are relations of fraternal cooperation which develop according to the principles of socialist internationalism and are characterized by a systematic approach and by stability. Because of the general involvement of the GDR

in socialist economic integration these relations take on increasingly greater diversity, depth and dimensions. They make it possible for the GDR to effectuate the advantages of the international division of labor to an increasing extent for intensification and proportional development of the economy. The USSR and the other CEMA countries have the decisive share in supplying the GDR with vital import goods.

On the other hand, because of its highly developed production potential, the GDR also plays an important role as an economic partner of the fraternal states. This applies especially in the area of the metal-processing, chemical and light industries.²¹

The close interinvolvement between the GDR and the other CEMA countries is revealed, among other things, in the indexes in Table 10 (see Appendix):

Whereas the other CEMA member countries have a 68.8-percent involvement in the GDR's foreign trade, the GDR for its part has a 9.3-percent share in the total foreign trade of the other CEMA countries. The GDR's share in intra-CEMA trade amounts to 13.9 percent.²² Here the GDR is in second place behind the USSR.

The solid base in the CEMA community and chiefly the close cooperation with the USSR guarantee the GDR economy a clear future. The results of plan coordination between the GDR and the USSR for the period from 1981 to 1985 and the long-term program for specialization and cooperation in production up to 1990, which was agreed upon by both countries, testify to this. Together with similar agreements with the other CEMA member countries, which have already been concluded or which are still in preparation, they comprise a solid base for the future economic development of the GDR.

As a result of plan coordination it was possible to reach agreement between the GDR and its partner countries for the upcoming five-year plan period, among other things in respect to foreign trade sales and increases in sales, respectively, as reflected in Table 11. Especially important for the GDR are the extensive and long-term guaranteed deliveries of raw materials and fuels by the USSR, which are being made available at substantially lower prices than would have had to be paid in the capitalist world market.

An analysis of the results of plan coordination between the GDR and fraternal countries makes clear the striving of these countries to develop, in addition to the expansion of their mutual deliveries of raw materials and fuels, machines and equipment, agricultural products, foodstuffs and technical consumer goods, even more extensive and more effective cooperation in the intensification of production and in the effective solving of the problems of raw materials, fuel and energy. In this connection, important components of future plan coordination between the GDR and its partner countries are:

--measures of scientific-technical cooperation, especially for efficient use of raw materials and energy, to develop new production technologies and products and to increase the quality and technical level of products (special key points in this are accelerating the development of microelectronics, nuclear energy and the chemical industry including the intensified development of carbon chemistry);

--deepening of specialization and cooperation of production primarily in the various sectors of machine and plant construction, electrical engineering and electronics and the chemical industry, and also in certain sectors of light industry, agriculture and foodstuffs production;

--the joint realization of economically important investment measures;

--cooperation in rationalization and reconstruction of enterprises and important production segments;

--the expansion of direct relations between ministries, combines and research facilities;

--the involvement of the GDR in long-term investment projects in the USSR, Cuba, Vietnam and Mongolia;

--the further development of the consumer goods exchange for better supplying of the people;

--joint appearance in third markets.

Just as important as the improvement of bilateral cooperation is the GDR's participation in the realization of the long-term CEMA programs which are targeted for a period of more than 10 years. Especially important for the GDR in this are, among other things, the general agreement on specialization and cooperation, which was signed in 1979, in the sector of nuclear power plant construction, and the agreements made at the last CEMA meeting on specialization and cooperation in the development and production of the means of computer technology and on cooperation in the deeper cracking of petroleum. On the basis of the agreement in the area of electronic computer technology alone, in the period between 1981 and 1985 goods and services worth R15 billion will be exchanged among CEMA countries. With the help of the third generation of the standard system of electronic computer technology, a system that is to be put into production in the next five-year plan period, the cost-performance ratio in these computer systems can be improved by 3 to 7 times and significant new rationalization effects can be developed in the CEMA economies.

Cooperation in CEMA is very advantageous for the GDR economy, but it also imposes large tasks on it. In the fraternal states, too, high demands are made on the scientific-technical level and the quality of our export goods, on customer service, on the supply of replacement parts, and so forth. Ordering important raw materials also imposed on the GDR the task of delivering raw material grade products.²³ Even in the international market of the CEMA countries raw materials and fuels are becoming more expensive. This can be accommodated by a significant strengthening of our export capability and by consistent orientation toward high efficiency in all forms of foreign economic activity. On all levels of the economy the greatest attention must be paid to meticulous preparation of contracts having to do with specialization and cooperation in science, technology and production and to the disciplined fulfilling of these contracts.

Economic Relations With Developing Countries and Capitalist Industrial Countries

It is an important concern of the GDR to universally develop the anti-imperialist alliance with the national liberation movement and to constantly expand economic cooperation with nationally liberated countries.

At the Ninth SED Party Congress the following was stated:

"By expanding and solidifying political and economic relations we support the struggle for economic independence by liberated countries and by those countries fighting for liberty and we also support their struggle to solve the political, economic and social tasks facing them."²⁴

Intensifying this cooperation simultaneously contributes to developing important new possibilities for orders and sales for the GDR economy. With the overall development of the GDR's foreign trade, trade with the developing countries reveals the most dynamics. During the period between 1970 and 1978 it rose to a level 3.1 times higher and reached a volume of over 5 billion valuta marks. In this connection there was rapid growth in trade with those developing countries with which we share a high degree of common interests in the struggle for freedom and social progress. Thus, there was an increase in foreign trade sales with India, Iraq, Algeria, Syria, Ethiopia, Mozambique and Angola during the period 1970 to 1978, to a level 5.8 times greater. The share of these 7 countries in the GDR's total trade with developing countries increased in this period from 25.9 percent to 47.8 percent.

At present, on the basis of government agreements the GDR has trade and other economic relations with approximately 50 developing countries. On the basis of genuine equality of rights it provides help and assistance chiefly with

--the delivery of plants, equipment and technologies to expand and modernize industry and other economic sectors (from 1970 to 1979 more than 650 enterprises and plants were manufactured in developing countries by the GDR);

--initial and continued training of skilled workers and experts from developing countries (for example, 800-900 cadres from developing countries start advanced school study in the GDR each year; in the course of the past 10 years almost 40,000 citizens from developing countries received production-technical, professional training in the GDR. Some 10,000 others were trained at advanced and technical schools.)

--dispatching experts, transmitting scientific-technical and other documentation and passing on information and experience, primarily with the goal of developing their own scientific-technical infrastructure and efficient production base.

In addition, there are free acts of assistance to support peoples fighting for national independence and against imperialist oppression; this help is provided by contributions of solidarity made by the people of the GDR. The deliveries and services financed from these contributions from the GDR solidarity committee amounted to over M500 million just in 1978 and 1979 together.

Party and government proceed on the basis that, given the level attained to date, the possibilities of economic and scientific-technical cooperation with the developing countries are not at all exhausted yet. Thus, the trip undertaken in 1979 by a party and state delegation under the leadership of Erich Honecker to four African countries produced, among other things, the concluding of 19 important accords, agreements and contracts, including the signing of a long-term program of cooperation with the People's Republic of Mozambique. As a result of the trips by party and government delegations under the leadership of Guenter Mittag to Algeria and Mexico, it was likewise possible to conclude significant economic agreements which will last far into the future. Among others, the development of industrial cooperation, especially in the sector of the cement factory, machine tool and agricultural machinery construction, and the transition to long-term and comprehensive economic cooperation to expand and modernize important sectors of the Algerian economy were agreed upon with Algeria (for example, agriculture, cement industry, casting industry and metallurgy). With Mexico, in addition to a number of contracts for important measures of economic and scientific-technical cooperation, agreements were signed in Mexico which relate to the development of industrial cooperation and cooperation in the development of the telecommunications system, machine-tool and gear building, the chemical industry and the fishing industry. Both countries support the establishment of mixed production and trade societies and the joint realization of projects in third markets.

The new quality of economic relations which is emerging between the GDR and the developing countries imposes great demands on the GDR economy. Primarily the increase in factory exports with accommodation of the principle of "product in hand,"²⁵ industrial cooperation, intensified use of the principle of good for good, the transmission of technical knowledge and management experiences on up to the creation of mixed enterprises, and, not least, the long-term character of cooperation require coordinated action to create the necessary internal prerequisites for effective preparation and realization of large and comprehensive projects of economic cooperation with developing countries. At the 10th meeting of the SED Central Committee, Gerhard Beil, member of the Central Committee and first deputy minister for foreign trade in the GDR referred to the fact that a new quality in dealing with foreign trade tasks is necessary, one which has a complex combination of exports and imports, of scientific-technical relations, of cadre training, of advisory activity and application of advice.²⁶

Great importance also attaches to the further development of trade and economic relations with capitalist industrial countries. The GDR regards the stabilization and expansion of these relations as an important condition for the continuation of the policy of detente and the successful implementation of peaceful coexistence. Thus, it consistently opposes all attempts by imperialism to disrupt East-West economic relations with measures of discrimination, embargo or blockade and to utilize them in blackmail attempts against socialist states. It likewise does everything necessary to thwart certain attempts by imperialist forces to shift effects of the capitalist economic crisis to the GDR economy.

The constructive attitude of the GDR toward expansion of economic relations with capitalist industrial countries is expressed in its systematic policy of concluding, on the basis of equality of rights and of mutual advantage, long-term agreements concerning economic and scientific-technical cooperation, including the development of industrial cooperation and cooperation in third markets.

An excellent example of such cooperation is the government agreements, signed in April 1980, with the French republic on economic, industrial and technical cooperation, which forms the basis for the continuous development of economic relations between both countries until 1990.

In view of more difficult sales conditions in the capitalist world market, party and government attach very great importance to guaranteeing exports to the non-socialist economic area. The intensified competitive struggle in capitalist markets requires rapid reaction to the development of needs and to specific customer desires. Improving the profitability of exports to capitalist countries is a priority task. As Gerhard Beil stated at the 11th meeting of the SED Central Committee, it is a matter of not yielding in the face of undoubtedly complicated conditions, but rather, even under difficult conditions, of strengthening the consciousness of the necessity of fulfilling the export tasks to the nonsocialist economic area.²⁷ The primary requirement is high export growth in modern products, which are profitable in respect to foreign exchange, and more effective market and price labor in the external markets.

Thus, in summary, the result is that the GDR, based on its position as a leading industrial power and on the fraternal alliance and the general cooperation with the USSR and other countries of the socialist community, has the necessary prerequisites to meet the demands of the 1980's with optimism. However, in view of the altered reproduction conditions, further progress in social policy and in other areas of social life depend on how we better succeed in effectuating the advantages and driving forces inherent in socialism within the meaning of increasing productivity and efficiency. In this, the possibilities of the international division of labor--primarily with the USSR and the other CEMA member countries--must also be utilized even more effectively. In this connection, the formation of efficient industrial combines and the concomitant improvement of the economic organization created essential prerequisites for providing the growth in capacity that is essential for the 1980's in science, technology, production and export.

FOOTNOTES

1. Compare "11th Meeting of the SED Central Committee," Berlin 1979 p 138.
2. "12th Meeting of the SED Central Committee," Berlin, 1980 p 9.
3. "11th Meeting of the SED Central Committee," Berlin, 1979 p 38.
4. E. Honecker, "The Next Tasks of the Party in Implementing the Resolutions of the Ninth SED Party Congress," Berlin, 1980 p 29.
5. Compared with the production level of the entire former German Reich in 1936 the GDR, for example in 1978, produced 2.25 times as much electric energy, 3.68 times as much gasoline and 2.37 times as much potassium fertilizers.
6. Their calculations on the basis of the "Yearbook of National Accounts Statistics 1978," Vol 2, International Tables, United Nations, New York, 1978; "The USSR Economy in 60 Years," Statistical Jubilee Yearbook, Moscow, 1977; and various press releases.

7. Compare "1979 GDR Statistical Yearbook," p 174 f and p 187, and BERLINER ZEITUNG, 9/10 June 1979: "Erich Honecker at the Agricultural Exhibit Markleeberg."
8. Compare E. Honecker, "The Next Tasks...", op. cit., p 29.
9. "11th Meeting of the SED Central Committee," op. cit., p 39 f.
10. Compare H. Kroker, "Our Combine in the Struggle for Scientific-Technical Progress," in EINHEIT, No 6, Berlin, 1980 p 581.
11. In this connection compare "1979 GDR Statistical Yearbook," p 235 and p 118.
12. Quoted in A. Grumkin, "Concerning Some Bourgeois Views of Soviet Foreign Trade," in USSR FOREIGN TRADE, No 10, Moscow, 1974 pp 48-49.
13. "Program of the SED," Berlin, 1976 p 34.
14. "11th Meeting of the SED Central Committee," op. cit., p 37.
15. Compare "1979 GDR Statistical Yearbook," p 225 (figures rounded off).
16. "11th Meeting of the SED Central Committee," op. cit., p 39.
17. Compare H. Koziolok, "Greater Refining of Raw Materials," in EINHEIT, No 6, Berlin, 1980 p 587.
18. E. Honecker, "The Next Tasks...", op. cit., p 29.
19. Compare "Report of the State Central Administration for Statistics on Implementing the 1980 Economic Plan in the First Half Year," in NEUES DEUTSCHLAND, Berlin, 12/13 July 1980.
20. The strong decline in the share of the other socialist countries in the GDR's foreign trade sales following 1960 can be attributed exclusively to the correction of China's foreign economic policy after the beginning of the 1960's.
21. With 4.4 percent of the population, the GDR's share in the total production of the CEMA countries (excluding Vietnam) among other things, is as follows: electrical energy 5.9 percent, brown coal 40.5 percent, steel 3.3 percent, rolled metal 4.2 percent, cement 6.3 percent, long-distance rail passenger cars 31.5 percent, automobiles 8.2 percent, synthetic fibers 18.1 percent, viscose staple fiber and artificial silk 15.2 percent, photo equipment 18.1 percent, watches 10.3 percent, refrigerators for households 6.8 percent, vacuum cleaners 18.5 percent, home washing machines 7.4 percent, home sewing machines 16.1 percent, radios 8.0 percent, paper 8.4 percent, meat 9.1 percent (compare "1979 Statistical Yearbook of the CEMA Member Countries," 1979, pp 86-137).
22. Computed according to the "1979 Statistical Yearbook of the CEMA Member Countries," 1979, p 373 f.

23. In international markets other raw materials or finished products of an especially high scientific-technical and quality level are required as counter-deliveries for raw materials.
24. "Report of the SED Central Committee to the Ninth SED Party Congress," Berlin, 1976, p 20.
25. The consequence of this principle is that the buyer is given a fully functioning enterprise. This also includes training and familiarizing the skilled forces which are required for managing and implementing production.
26. Compare "10th Meeting of the SED Central Committee," Berlin, 1979 p 76 f.
27. Compare "11th Meeting of the SED Central Committee," Berlin, 1979 p 174.

APPENDIX

Table 1

Average Annual Growth of GDR National Income and Industrial Production Compared With Corresponding Growth Rates in Capitalist Industrial Countries 1961-1979
(in percent)

	<u>1961-1970</u>	<u>1971-1974</u>	<u>1975-1979</u>
GDR			
National income produced	4.3	5.5	4.2
Gross industrial production	6.2	6.6	5.3
Capitalist Industrial Countries			
Gross National Product	4.9	3.2	2.4
Industrial Production	5.6	3.9	2.9

Source: Our computations according to the "1979 GDR Statistical Yearbook," p 73 and p 113; "Report of the State Central Administration for Statistics on Implementing the 1979 Economic Plan," in NEUES DEUTSCHLAND, 17 January 1980, Berlin; "The Economy of Capitalist Countries in Figures," IPW [Institute for International Politics and Economics], Research Volume 4, 1977, pp 20 and 22; "IPW Reports," January, 1980, p 72 and current press reports.

Table 2

GDR Production of Selected Products and Their Share in World Production in 1977

<u>Product</u>	<u>Production Volume</u>	<u>Per capita Production</u>	<u>Share in World Production (in percent)</u>	<u>Rank on World Scale Absolute</u>	<u>Per Capita</u>	<u>Comparison With World Per Capita Production</u>
Electrical energy	91.996 bil. kWh	5,487 kWh	1.32	12	11	3.2 times greater
Brown coal	253.7 mil. tons	15.1 tons	27.9	1	1	69 times greater
Coal, overall*	68.7 mil. tons	4.1 tons	2.58	10	3	6.2 times greater
Raw steel	6.85 mil. tons	409 kg	1.01	18	17	2.5 times greater
Cement	12.1 mil. tons	722 kg	1.70	13	6	4 times greater
Potassium fertilizers	3.3 mil. tons	193 kg	12.8	3	1	30 times greater
Viscose staple fiber	132.6 kt	7.9 kg	6.77	3	2	15.8 times greater
Artificial silk	27.1 kt	1.6 kg	2.39	10	3	5.3 times greater
Synthetic fibers	124.0 kt	7.4 kg	1.43	11	6	3.5 times greater
Plastics and synthetic resins	734.0 kt	43.8 kg	1.94	11	8	4.6 times greater
Railroad freight cars	5,587	3.3 per 10,000 inhabitants	-	7	4	-
Automobiles	167,200	99.7 per 10,000 inhabitants	0.55	16	12	1.3 times greater
Meat (slaughter weight)	1,767 kt	105.4 kg	1.4	13	9	3.4 times greater
Sugar	697 kt	42.0 kg	0.75	26	23	1.9 times greater
Beer	21.7 mil. hectoliters	129 liters	3.5	8	6	-

*Our own conversion to hard coal. The conversion ratio of brown coal to hard coal was set at 3.71:1.

Source: Compilation and computation according to the "1979 GDR Statistical Year-book," International Surveys, pp 42-68.

Table 3

Development of World Productivity Per Employee in the GDR Compared With the Development of World Productivity in Imperialist Centers of Competition (average annual growth rates 1960-1978)

	<u>National Income and Gross National Income, Respectively Per Employee</u>	<u>Production of Industry and the Processing Trade Per Employee</u>
GDR		
1960-1973	4.6	5.7
1973-1978	4.3	5.1
United States		
1960-1973	2.0	3.3
1973-1978	0.5	1.6
EEC		
1960-1973	4.0	4.7
1973-1978	2.2	2.8
Japan		
1960-1973	9.0	8.8
1973-1978	3.1	2.9

Source: "1979 GDR Statistical Yearbook," pp 13 and 122; also M. Wegner, "Advances in Productivity in the 1980's," in WIRTSCHAFTSDIENST, No 2, Hamburg, 1980, p 88.

Table 4

Indexes of the Development of Foreign Trade Sales, National Income and Industrial Production in the GDR in the Period 1960-1979 (1960=100)

<u>Year</u>	<u>Development of Trade Sales at Effective Prices in Valuta Marks</u>	<u>Foreign at Comparable Prices in Valuta Marks</u>	<u>Development of National Income at Comparable Prices</u>	<u>Development of Gross Industrial Production at Comparable Prices</u>
1960	100	100	100	100
1965	133.6	136.5	118.3	133
1970	214.2	223.0	153.1	183
1975	402.4	329.1	198.9	241
1978	524.0	385.8	225.2	290
1979	589.6	-	234.4	304

Source: Calculations according to the "1979 GDR Statistical Yearbook," pp 73, 112, and 231-232; also "Report of the State Central Administration for Statistics on Implementing the 1979 Economic Plan," in NEUES DEUTSCHLAND, 17 January 1980, Berlin.

Table 5

Foreign Trade Quota and Per Capita Foreign Trade Sales in the GDR 1960-1979

<u>Year</u>	<u>Foreign Trade Sales at Effective Prices (millions of Valuta Marks)</u>	<u>Produced National Income at Effective Prices (millions of marks)</u>	<u>Foreign Trade Quota in Percent (1:2)*</u>	<u>Foreign Trade Sales, Per Capita, in Valuta Marks</u>
1960	18,487.4	71,540	28.8	1,075.5
1965	24,693.2	84,760	29.1	1,449.1
1970	39,597.4	109,470	36.2	2,320.0
1975	74,393.6	142,370	52.3	4,422.9
1978	96,879.4	161,140	60.1	5,783.5
1978 [presumably 1979]	109,000 (approx.)	167,586	65.0	6,495.4

*With this index it should be noted that its force is limited by the various price bases (foreign prices, converted to valuta marks and domestic prices in marks, respectively). Nonetheless, the trend is correctly reflected.

Source: As above.

Table 6

Per Capita Foreign Trade Sales of CEMA Member Countries in 1978 in Transfer Rubles

<u>Country</u>	<u>Foreign Trade Sales (in Millions of Transfer Rubles)</u>	<u>Population (in thousands)</u>	<u>Per Capita Foreign Trade Sales (in Transfer Rubles)</u>
Bulgaria	10,347	8,805	1,175.1
Hungary	16,151	10,699	1,509.6
GDR	20,745	16,751	1,238.4
Cuba	6,299	9,739	646.8
Mongolia	477	1,595	299.1
Poland	21,515	35,049	613.9
Romania	11,519	21,953	524.7
USSR	70,224	262,442	267.6
CSSR	16,473	15,184	1,084.9

Source: "Statistical Yearbook of the CEMA Member Countries," Moscow, 1979.

Table 7

Development of the Goods Structure of GDR Exports and Imports Between 1960 and 1978
in Percent

<u>Product Group</u>	<u>Export</u>		<u>Import</u>	
	<u>1960</u>	<u>1978</u>	<u>1960</u>	<u>1978</u>
Machines, equipment and transport means	49.0	55.0	12.7	34.0
Fuels, mineral raw materials and metals	15.7	10.1	38.5	29.8
Animal and vegetable products, foodstuffs and nonessential foods and beverages	5.9	7.8	39.2	20.8
Industrial consumer goods	15.1	15.0	5.3	5.1
Chemical products, fertilizers, rubber, building material among other goods	14.3	12.1	4.3	10.3

Source: "1979 GDR Statistical Yearbook," p 232.

Table 8

Development of Prices for Raw Materials and Industrial Finished Products and Change in Price Ratios (Basis: UN--Index of Export Prices of Capitalist Countries, 1970=100)

<u>Year</u>	<u>Raw Materials</u>	<u>Finished Products</u>	<u>Ratio</u>
1970	100	100	100
1971	110	105	104.8
1972	127	113	112.3
1973	182	133	136.8
1974	309	162	190.7
1975	302	182	165.9
1976	311	183	169.9
1977	342	200	171.0
1978	348	229	152.0
1979*	426	266	160.2

*estimated

Source: Compiled and calculated on the basis of the UN MONTHLY BULLETIN OF STATISTICS, current. Detailed information on this, see Brendel/Brode, "World Market Price Development in the 1970's--Trends and Causes," in WIRTSCHAFTSWISSENSCHAFT, No 6, Berlin, 1980.

Table 9. Development of the Structure of GDR Foreign Trade Sales By Groups of Countries (at Current Prices) in Percent

<u>Year</u>	<u>CEMA Countries*</u>	<u>Other Socialist Countries</u>	<u>Developing Countries</u>	<u>Capitalist Industrial Countries</u>
1960	67.6	7.0	4.3	21.1
1970	67.3	4.2	4.0	24.4
1978	68.8	3.3	5.2	22.7

*from 1962 includes Mongolia

from 1972 includes Cuba

from 1978 includes Vietnam

Source: Our own computations according to "1979 GDR Statistical Yearbook," p 232.

Table 10. Share of European CEMA Countries in GDR Foreign Trade and Share of GDR in Foreign Trade of Other European CEMA Countries (1978, in Percent)

	<u>Share of European CEMA Countries in GDR Foreign Trade</u>	<u>Share of GDR in Foreign Trade of Some CEMA Countries*</u>
USSR	35.4	10.6
CSSR	9.2	11.6
Poland	8.5	8.4
Hungary	6.3	8.7
Romania	3.9	7.3
Bulgaria	3.5	7.6

*The figures refer to 1977.

Source: "1979 GDR Statistical Yearbook," p 233; "USSR Foreign Trade, 1977," pp 9-14; Poland's 1978 Statistical Yearbook," pp 288-290; "Hungary's 1977 Statistical Yearbook," pp 305-307; "Romania's 1978 Statistical Yearbook," pp 447-453; "CSSR's 1978 Statistical Yearbook," pp 438-440; "Bulgaria's 1978 Statistical Yearbook," pp 360-362.

Table 11. Coordinated Development of Goods Exchange Between the GDR and Other CEMA Member Countries For the Period 1981-1985

	<u>Volume of Mutual Trade As Coordinated With the Partner Country in the Period 1981-1985 (in Billions of Rubles at 1980's Prices)</u>	<u>Increase in Respect to 1976-1980 in Percent</u>
USSR	48	30
CSSR	10	20
Hungary	7.5	20
Romania	5.6	32
Bulgaria	4.9	40
Cuba	-	45

Source: NEUES DEUTSCHLAND, 6 February 1980, Berlin (USSR); 4 July 1980 (CSSR); 29 May and 12 June 1980 (Cuba); 14/15 June 1980 (Hungary); 30 June 1980 (Romania); 4 June 1980 (Bulgaria)

QUALITY PRODUCTS NEEDED TO COMPETE IN WORLD MARKET

East Berlin TG TECHNISCHE GEMEINSCHAFT in German Vol 28 No 11, Nov 80 signed to press 30 Sep pp 19-20

[Article by Prof Dr Hermann Uebermuth, Dresden Technical University: "World Level Comparison: Only Top Quality Products Have a Chance"]

[Text] The world level comparison is an indispensable condition for the development of top quality products. Nevertheless, the world level comparison must not be limited to technical parameters and usability characteristics. To achieve high export profitability, a merciless international price comparison is necessary. It will result in scientific-technical demands on development and technology. They will decide the export profitability of our products.

At the present time, a price comparison is the only possible method for comparing expenses for our own products with international top-quality products, because there is no accessible information about the actual costs for internationally competitive products. As a consequence, comparative conclusions must be drawn with regard to possible price indications. Such a comparison provides important information when it comes to meeting the production costs in marks from valuta mark revenues for products to be developed for later export. It will also provide information about the development and exportability of a new or developed product in comparison with the existing exportability.

As is the case with regard to the world level comparison, international price comparisons must also be conducted with ruthless honesty to be able to influence price-effective factors in due time.* Essential qualitative demands on the development of products and the technology of production can be derived from an international price comparison. Thus, the price comparison is a component of the scientific-technical world level comparison.

Subsequent measures for price-determining factors such as improving the quality and raising the technical standard are always calling for incomparably higher social costs.

* Cf. Schwadtke, "Internationale Preisvergleiche" [International Price Comparisons], Verlag Die Wirtschaft, Berlin, 1973.

The preparation of the international price comparison therefore demands goal-directed long-term gathering of information from the activities of travel cadres, from offers, invoices, price lists, announcements in technical publications, advertisements (so-called tenders) and other things. During the process it is absolutely essential to find out whether the international price is an advertised price or whether it has been established by contract. Negotiated rebates vary according to product and country and frequently they amount to 20 percent or more.

To set the price, price-effective usability characteristics of the product are essential in addition to the cost. In the case of machinery and equipment, for instance, energy and fuel consumption will have an ever greater influence on the price. Before the development of a product for export, the required usability characteristics are to be discussed with foreign trade experts. It is not a new demand but a legal requirement according to the listed duties. Deficiencies with regard to certain parameters can altogether eliminate future exports or lead to substantially lower prices. Measuring tools or cameras, for instance, will soon no longer be exportable unless they are equipped with microelectronic parts; at the present time they can still be sold, but only at a considerable loss.

After comparing the products, special attention must be given, above all, to pricing and terms of payment as the most important commercial influences. Determining transportation costs will reveal how much of the comparative price is spent for freight and incidental transportation charges. It is recommended, as a matter of principle, that these costs be deducted from the international comparative price and to consider these terms only when analyzing the results. A comparative price, for instance, which refers to an item exported from Japan to the FRG will contain relatively high freight and insurance costs. If these charges are deducted from the contracted price, the competitiveness of GDR exports can be demonstrated even without taking advantage of differences in freight rates etc.

Terms of payment are also playing an important role in figuring the price. As a matter of principle, the seller in the NSW [nonsocialist monetary area] adds to the price credit costs (interests, commission) when granting the terms of payment. If an English exporter, for example, grants 12 months credit, the current interest rate in England will have to be considered resulting in a price that will be higher by approximately 18 percent. (Information on costs for prices and credit is available from the foreign trade enterprise.)

Econopolitical influences which must be considered as justified expenditures in international price comparisons for developed products are, above all, customs duties. If a comparative price, for instance, is based on a business transaction between partners who grant each other most-favored status, and this would not apply to GDR exports, customs duties must also be deducted from the existing international comparative price or the GDR comparative price would have to be raised by the amount of customs duties.

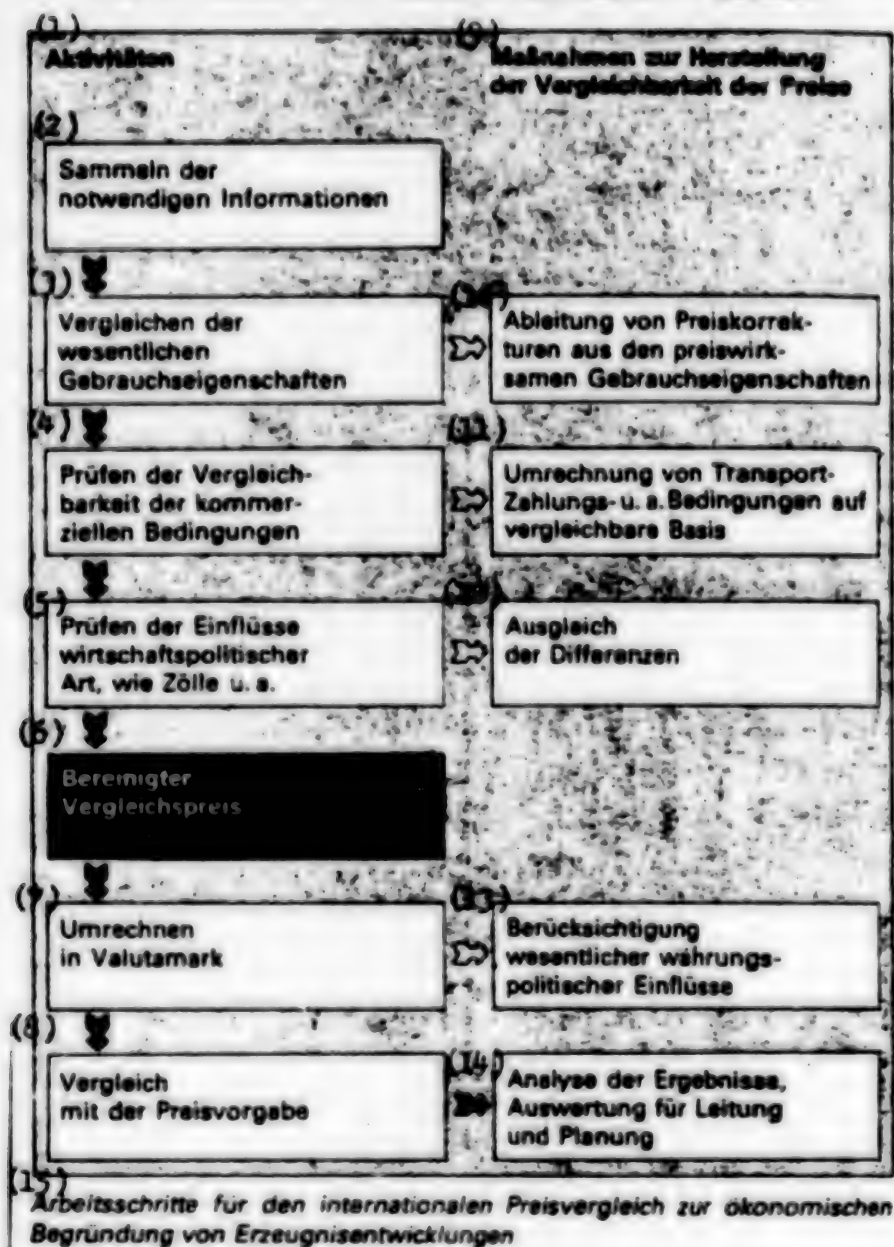
Monetary-policy conditions can also have an enormous influence on prices in the nonsocialist monetary area. As a matter of principle, exporters add expected exchange-rate risks to the price of their products, depending on the currency used in the contract. At the present time, this is particularly important when contracts are concluded in English pounds, because significant exchange-rate losses.

For international price comparisons in developing areas such complicated monetary-policy influences can only be considered in exceptional cases. It must not be forgotten that international price comparisons as economic reasons for product development are generally tainted with factors of inexactitudes, and they are providing only one, albeit important criterion for management decisions.

A frequently heard opinion is that international price comparisons must also include proof that expenditures in marks must be fully covered through valuta earnings (foreign currency converted into valuta marks). It is desirable but objectively not always possible. When valuta exchange rates or coefficients are based on economic factors, the average economic export-ability is "1." Since price relations (not only the price level) between various products on foreign markets and GDR industrial prices differ, an average profitability index of "1" means that there are some products that are above and some that are below this figure. It corresponds to the realities in economic practice.

When combines are informed of state tasks and obligatory plan requirements, they also receive orientations with regard to the total export volume they have to produce. In the process they must responsibly examine, plan and decide how exportability can maximally be increased.

[Diagram on following page]



Key:

1. Activities
2. Gathering of necessary information
3. Comparing essential usability characteristics
4. Examining comparability of commercial conditions
5. Examining influences of econopolitical nature, such as customs duties and others
6. Adjusted comparable price
7. Conversion into valuta marks
8. Comparison with advertised price
9. Measures for establishing comparability of prices
10. Derivations of price corrections from price-effective usability characteristics
11. Conversion of transportation, payment and other conditions into comparable basis

[Key continued on following page]

12. Adjustment of differences
13. Consideration of essential monetary-policy influences
14. Analysis of results, application to management and planning
15. Working steps for the international price comparison to provide an economic basis for product developments

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GERMAN DEMOCRATIC REPUBLIC

ECONOMIC GROWTH-ENERGY PRODUCTION RELATIONSHIP EXAMINED

Leipzig ENERGIETECHNIK in German Vol 30 No 10, Oct 80 pp 362-366 manuscript received 11 Aug 80

[Article by Prof Dr Hansjoachim Schellenberg, economist, Socialist Enterprise Management Department, Zittau Engineering College: "Economic Growth and Energy Supply"]

(Text) In relation to the rapid growth of the produced national income, the consumption of primary energy in the GDR has risen relatively slowly, as a comparison with other developed industrial countries shows. A contributing factor in this situation has been the generally more rapid increase in labor productivity than in electric-power production in the industry of the GDR. An important influence on this is exerted by the shaping of the structure of the production processes, especially the development of the chemical industry. In the future, this shaping will be of great importance also to the balanced and proportionate development of our energy supply.

1. Introduction

The accelerated elevation of the technical level of production, the rapid growth in the productivity of labor and in the efficiency of the national reproduction process, the steady rise in the material and cultural standard of living of the people, and the overall advancement of society--the one as well as the other is closely linked to and is possible only by presupposing the conditions

- a dependable and economical energy supply, and especially an electric-power supply, in the quantity and quality needed by society,
- an efficient use of the provided sources of energy in the interests of maximum socio-economic efficiency.

These considerations are relevant now more than ever. The more social development in the German Democratic Republic strides forward, the more confirmation there is about this "unalterable dependence on the energy supply on the part of all sectors of the economy and life, up to the very last ramifications," as Hildebrand observed [1, p 37]--a dependence which is characteristic of the developed industrial countries as a whole and which increasingly is making itself felt generally, with the advancing relative scarcity of and price rises for sources of energy.

But ever anew and with growing sharpness, the question is also arising concerning the requisite tempo in building up and expanding the energy base in relation to the build-up and expansion of the material-technical productive capacity of the socialist society as a whole, concerning the needed developmental relations between the amount of energy produced and the net product of the producing units and sectors, especially of industry, concerning the relationship between growing energy resources of labor and the increase in labor productivity, and so forth-- a nexus of questions which is given considerable attention in the scientific work of Hildebrand.

2. Growth Relation Between Energy Economy and National Economy

As a result above all of the increase in labor productivity in the producing sectors of the economy, in the interval from 1951 to 1975 the produced national income in the GDR grew steadily to 521 percent of its 1950 value, as is shown in Table 1 [2, p 13], [3, p 12], [4, p 28], and others.

Table 1. Development of the Produced National Income and the Primary-energy Consumption in the GDR From 1950 to 1975 (1950 = 100)

Indicator	1955	1960	1965	1970	1975
Produced national income	185	262	310	401	521
Primary energy consumption	143	164	192	208	225

Factors of particular importance here in the raising of labor productivity and thus also the national income are the creative activity and initiative of the working people, which are closely tied to the development of socialist relations of production and which are based on a high level of education and qualifications, the systematic improvement and strengthening of the material-technical base of production, the further development of management, planning, organization, and economic stimulation at all levels of the national economy, the deepening of socialist economic integration and, communicated by and affecting the latter and of increasing importance, scientific-technical progress as the chief factor in raising productivity under conditions of an intensively expanded socialist reproduction process. In combination, and in accordance with the law of an increasing technical and organizational makeup of production, these factors enable human labor to effectively utilize per unit of time more and more means of production for the manufacturing of more and better utility values in the productive working process. The energy demand grows, and even in sectors outside the material production process, in the satisfying of housing needs, needs for education and culture, and so forth. The energy consumption increases.

In comparison to the growth in national income, the rise in the energy consumption is generally distinctly less, as Figure 1 also shows. Expressed in terms of the gross primary-energy consumption in this country in 1950 (see Table 1), the overall consumption of energy resources in the GDR in 1975 was only 2.25 times the 1950 value. Without exception, the average annual growth rates of the primary-energy consumption (Table 2) lie below those of the produced national income in the GDR. The relative growth coefficient of the primary-energy consumption, which is the ratio of the index of the average annual growth in

primary-energy consumption to the index of the average annual growth in produced national income, is smaller than one for each of the 5-year periods considered here. The primary-energy intensity of the produced national income is dropping.

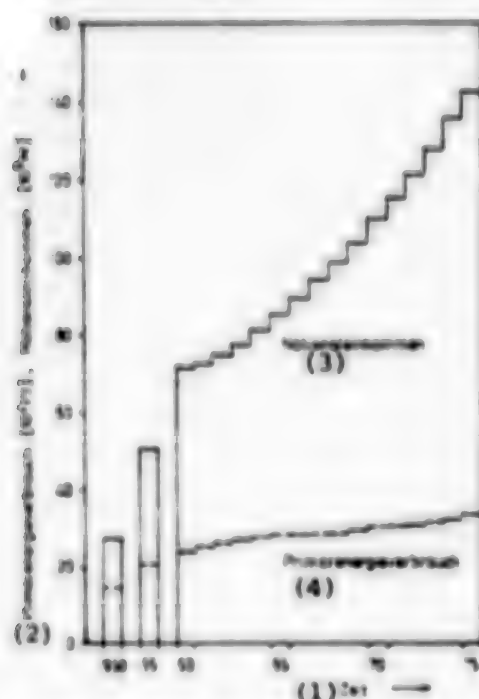


Figure 1. Growth of the Produced National Income and of the Primary-energy Consumption in the GDR From 1950 to 1975

Key: 1. Time
2. Primary-energy consumption...national income
3. National income
4. Primary-energy consumption

Table 2. Average Annual Growth Rates of the Produced National Income and of the Primary-energy Consumption in the GDR, and the Relative Growth Coefficient of the Primary-energy Consumption

Kennziffer (1)	1951/1950	1956/1955	1961/1960	1966/1979	1971/1970
Produziertes Nationaleinkommen (2)	13.1	7.1	8.4	8.3	8.4
Primärenergieverbrauch (3)	7.4	2.9	3.3	1.7	1.6
Relativer Wachstumskoeffizient des Primärenergieverbrauchs (4)	0.56	0.40	0.39	0.27	0.26

Key: 1. Indicator
2. Produced national income
3. Primary-energy consumption
4. Relative growth coefficient of the primary-energy consumption

Moreover, if one looks at the development of the corresponding indicators in other highly developed industrial countries (Table 3) as calculated from [3], [4], [5], [6], [7], and [8], notable differences emerge--despite all the difficulties in making such a comparison--in particular with respect to the capitalist nations, but also vis-a-vis the Soviet Union. The growth relation of primary-energy consumption/national income is lower in general in the GDR when compared to that of other countries.

Table 3. Average Annual Growth Rates of the Produced National Income or Gross National Product and Primary-energy Consumption, and the Relative Growth Coefficient of Primary-energy Consumption, in the Soviet Union, the FRG, and the United States

(1) Kennziffer	1951/1950	1960/1950	1961/1960	1968/1970	1971/1970
(2) USSR					
(3) Produziertes Nationalesinkommen	11.3	8.3	8.3	7.7	8.7
(4) Primärenergieverbrauch	8.9	7.3	8.7	6.3	5.1
(5) Relativer Wachstumskoeffizient	0.89	0.88	0.99	0.89	0.89
(6) BRD					
(3) Bruttosozialprodukt	8.4	6.9	6.1	4.7	1.7
(4) Primärenergieverbrauch	7.4	3.3	4.7	3.1	0.8
(5) Relativer Wachstumskoeffizient	0.88	0.97	1.00	1.00	0.99
(7) USA					
(3) Bruttosozialprodukt	4.4	2.3	4.7	3.2	2.1
(4) Primärenergieverbrauch	3.4	2.1	2.9	3.1	1.9
(5) Relativer Wachstumskoeffizient	0.89	1.00	0.89	1.02	0.99

Key: 1. Indicator
 2. USSR
 3. Produced national income
 4. Primary-energy consumption
 5. Relative growth coefficient
 6. FRG
 7. United States

The influence factors on the primary-energy consumption per unit of produced national income are manifold. Here, the supply of sources of primary energy according to the type of fuels made available plays a role, the structure of consumer-energy use is of importance, the nature of the employment of consumer energy and the efficiency of energy-use facilities exert an influence, the specific fuel-heat consumption for electric-power generation is of considerable significance, the structure of the national economy and of industrial production and the quality of industrial management have an influence, the energy-consciousness of the people plays a role, their overall way of life is of importance, and so forth. The listing of these influence factors could be continued. Thus, if they are considered individually a satisfactory answer will scarcely be possible to the question of where the causes lie of the development indicated above, and to what extent it can be expected also in the future. But certainly of special importance for the growth relation of primary-energy consumption/national income is the growth relation of electric-power consumption/net product of industry. This follows from the fact alone that about a fourth of the total primary-energy expenditure in the GDR is used for the generation of electric power, and the

preponderant portion of the net electric-power consumption in this country goes to the GDR's industry, in which about 60 percent of the net product of the national economy is generated and which to that extent substantially determines the growth relation of primary-energy consumption/national income from each of the two sides of this relation. A like situation is true for the other highly developed industrial countries, even though to differing degrees of markedness, as regards the structure of the use of primary energy, the importance of the net electric-power consumption of industry, and so forth.

If from the average annual growth rates of the net electric-power consumption and the net product of the GDR's industry the resulting index numbers for the average annual growth of net electric-power consumption and the net product of industry are correlated, the consequence for the 5-year periods since 1950 considered here, just as with the relative growth coefficient of the primary-energy consumption, is likewise a value smaller than one throughout for the relative growth coefficient of the net electric-power consumption of industry in the GDR.

If an international comparison is made of changes in indicators as calculated from [2], [7], [8], [9], [10], [11], [12], and [13] (see Table 4), the GDR again occupies a special position. On the whole the productivity of labor, calculated on the basis of the net product, usually rises more rapidly than the electric-power resources of labor in industry, as Figure 2 shows for the time period after 1960. On an average, the annual growth of the net product of industry (and of the producing crafts minus construction), at comparable prices (1975 basis) and measured by the index of the net product vis-a-vis the previous year's value, is larger by a factor of 1.015 than the growth in the net electric-power consumption of industry as measured by the index of the net electric-power consumption of industry vis-a-vis the previous year's value. On the average, the net electric-power consumption of industry rises by a factor of 0.985 to smaller values than the net product does, measured by the indices of the annual growth.

Table 4. Average Annual Growth Rates of the Net Product and Net Electric-power Consumption of Industry and the Relative Growth Coefficient of the Electric-power Consumption of Industry in Different Countries

(1) Kennzahl	1961-1965	1966-1970	1971-1975	1976-1980	1981-1985
(2) UdSSR					
(3) Nettoprodukt der Industrie	12.9	18.4	9.9	9.9	7.9
(4) Nettoelektroenergieverbrauch Industrie	12.3	18.3	18.7	6.9	6.7
(5) Relativer Wachstumskoeffizient	1.00	1.00	1.02	0.97	0.99
(6) DDR					
(3) Nettoprodukt der Industrie	12.2	7.9	4.5	3.9	3.7
(4) Nettoelektroenergieverbrauch Industrie	6.2	5.4	3.9	3.2	3.7
(5) Relativer Wachstumskoeffizient	0.94	0.99	0.99	0.97	0.99
(7) FRG					
(3) Nettoprodukt der Industrie	12.2	6.8	6.3	5.1	5.9
(4) Nettoelektroenergieverbrauch Industrie	12.6	7.7	6.2	5.4	5.3
(5) Relativer Wachstumskoeffizient	1.00	1.01	1.00	1.00	1.01
(8) USA					
(3) Nettoprodukt der Industrie	3.2	2.5	6.2	2.5	1.7
(4) Nettoelektroenergieverbrauch Industrie	18.8	4.4	5.1	2.4	0.9
(5) Relativer Wachstumskoeffizient	1.07	1.02	0.99	1.02	0.99

Key: 1. Indicator 5. Relative growth coefficient
 2. USSR 6. GDR
 3. Net product of industry 7. FRG
 4. Net electric-power consumption of industry 8. United States

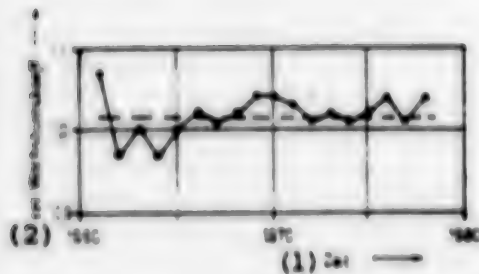


Figure 2. Relative Growth Coefficient of Labor Productivity in the Industry of the GDR, Calculated on the Basis of the Net Product, in Comparison to the Electric-power Resources of Labor After 1960

Key: 1. Time
2. Relative growth coefficient

The productivity of labor is growing comparatively rapidly in relation to the electric-power resources of labor in the industry of the GDR, and this is true especially in periods of sharpened disparities between energy production and energy requirements and increased efforts for a sparing approach to energy, as Figure 2 shows clearly for the period between 1965 and 1970.

A similar situation is the case for the growth of electric-power generation as well as industrial production in the energy and fuel industrial branches in relation to total industrial production. Whereas in the capitalist countries considered here, electric-power generation and industrial production in the energy and fuel industry or the industrial branches of electric power and gas grow more rapidly in general than the total industrial production, as can be deduced from the changes in the index of industrial production based on selected branches and of electric-power generation as given in [2, p 40*...42*] in the socialist countries the growth rate of electric-power generation and of industrial production in the electric-power and heat-supply branches, with few exceptions, increasingly is lagging behind that of overall industrial production. Especially low is the coefficient of relative growth of production of electric power and heat in the GDR when viewed on a longer-term basis, as is shown by the comparison in [8] of the average annual growth rates of gross production in socialist industry and in the industrial branches of electric power and heat in the GDR, Polish People's Republic, the USSR, and the CSSR, where courses of national-economic growth involving the conservation of raw materials, industrial materials, and energy, with due regard to the available resources and their ever more complicated and expensive development and recovery as well as with regard to limited means of storage, are already of considerable importance and are playing a significant role in the economic policy of the Marxist-Leninist party and the socialist state.

Here also, the influence factors are manifold. The developmental level achieved in socialist industrialization and the shaping of the industrial structure in each case, as well as the advances made in the efficient use of energy by way of socialist rationalization, play a prominent role in this connection.

Through alterations above all in the structure of wants, on the basis of scientific-technical progress and a deepening socialist economic integration, in the 1960's and 1970's in particular the GDR's industrial sectors of machine and vehicle building, electrical engineering/electronics/instrument manufacturing, and the chemical industry experienced a growth at a generally above-average pace--in line with the demands of the basic economic law of socialism, the law of the steady raising of labor productivity and the law of the systematic and proportionate development of the national economy--as is shown by the changes in the index of gross industrial production according to industrial sectors in Table 5 [2, p 17].

Table 5.

(1) Industriebereich	1960	1969	1970	1975	1978
(2) Industrie insgesamt	100	394	535	779	945
(3) Energie- und Brennstoffindustrie	100	168	247	399	527
(4) Chemische Industrie	100	290	413	974	1 979
(5) Metallurgie	100	234	587	961	929
(6) Baumaterialienindustrie	100	209	571	942	919
(7) Maschinen- und Fahrzeugbau	100	265	734	1 922	1 131
(8) Elektrotechnik Elektronik Gerätebau	100	489	1 144	1 943	2 354
(9) Leichtindustrie (ohne Textilindustrie)	100	225	372	528	579
(10) Textilindustrie	100	246	344	478	565
(11) Lebensmittelindustrie	100	299	439	591	624

- Key:
1. Industrial sector
 2. Industry as a whole
 3. Energy and fuel industry
 4. Chemical industry
 5. Metallurgy
 6. Construction-materials industry
 7. Machine and vehicle building
 8. Electrical engineering/electronics/instrument manufacture
 9. Light industry (not including textile industry)
 10. Textile industry
 11. Foodstuffs industry

The upshot is that the share held by these industrial sectors in the gross production of industry at comparable prices is growing [14, p 209]. The following figures show this:

The share held by the industrial sector of machine and vehicle building increased from 20.1 percent in 1960 to 22.8 percent in 1976. The share held by the sector of electrical engineering/electronics/instrument manufacturing in the gross production of industry rose from 5.9 percent to above 8.4 percent and then even up to 9.9 percent in the year 1976--that is, it grew almost twofold. Given that the chemical industry in the GDR had a share in the industrial gross product of 10.7 percent in 1960, this share was 13 percent in 1970 and 14.5 percent in 1976.

For electric-power generation and the power-producing sector as a whole, these structural changes in the industrial production of the GDR are of considerable significance, even though the energy expenditure-net product ratios are more or less different from case to case.

The industrial sectors of machine and vehicle building and of electrical engineering/electronics/instrument manufacturing are areas having a very low electric-power intensity of production compared to industry as a whole. The specific electric-power consumption per unit of gross product is only a third to a fourth of the average value required in the industry of the GDR. Thus its disproportionately large change promotes the lowering of the electric-power intensity of industrial production as a whole. If it is associated, as for example in the sector of electrical engineering/electronics/instrument manufacture, with a lowering even of the specific electric-power consumption, then this is all the more true.

It is otherwise in the chemical industry. With a share in the gross product of industry of about 15 percent, its share in the gross electric-power consumption of industry is a good 30 percent [2, p 126]. Here, its production is similar to the situation in other countries--that is, it is still very electric-power intensive. Although in years past specific electric-power consumption per unit of gross production has been lowered very markedly in this sector above all--a fact which was decisive in the increase in the net product of industry per unit of electric-power consumption--it still amounts to about double the specific electric-power consumption for industry on the average. Accordingly, every acceleration and slowing down of the tempo of growth in production in the chemical industry reacts in an augmented way on the electric-power supply. Just as, of course, conversely there is a marked dependence of chemical production on the available energy resources in general and especially on the electric-power supply and its growth.

In most of the other CEMA countries the chemical industry, as a pacesetter of scientific-technical progress, likewise is growing at an accelerated pace in comparison to overall industrial production. But as a rule, the relative growth coefficients for the chemical industry clearly exceed those reached in the GDR, as can be seen in Table 6 [15, p 170] and Figure 3. The same thing is true of the highly developed capitalist countries. Here also, the pace of growth of chemical production is exceptionally fast, and the chemical industry is continuing to gain rapidly in importance. Given that in the FRG the share held by chemical production in overall industrial production amounted to 10.5 percent in 1960, by 1970 it had already grown to 16.6 percent, reaching 18.4 percent in 1976. In the United States, the chemical industry had a share of 9.9 percent in 1960, but by 1970 this share amounted to 13.3 percent, and in 1976 it was 15.4 percent [7, p 85].

Table 6. Relative Growth Coefficient of the Chemical, Rubber, and Asbestos Industry in CEMA Countries

Land (1)		1961 1965	1966 1970	1971 1975
VR Bulgarien	(2)	1.38	1.56	1.12
Ungarische VR	(3)	1.53	1.34	1.19
DDR	(4)	1.06	1.007	1.00
Mongolische VR	(5)	0.86	0.80	1.03
VR Polen	(6)	1.24	1.34	1.07
SR Rumänien	(7)	1.57	1.46	1.15
UdSSR	(8)	1.21	1.16	1.14
CSSR	(9)	1.36	1.18	1.16

- Key:
1. Country
 2. People's Republic of Bulgaria
 3. Hungarian People's Republic
 4. GDR
 5. Mongolian People's Republic
 6. Polish People's Republic
 7. Socialist Republic of Romania
 8. USSR
 9. CSSR

The relative growth coefficient of the net electric-power consumption of industry clearly mirrors these relationships.

Thus it is once again underscored that it is not economic growth per se, its level and its pace--measured, for example, by the produced national income or by the growth rates of the net product of industry--which determines the energy demand and the requisite expansion of the energy base. Rather, it is essentially the manner in which this economic growth is achieved under the existing conditions which determines the energy demand and which influences the growth relations of the energy economy and the national economy. Therefore, as Hildebrand showed in [1, p 470 ff.], sound conclusions about a systematic and proportionate development of the energy supply in the future a) presuppose the systematic analysis of the direct casual relations between the energy demand and the factors influencing it, b) require the determination of the possible future development of those parameters decisively influencing the energy demand and the energy produced, inclusive of the economic correlations, and c) must be reached as a result of the "optimization of the energy economy or of the energy supply... in accordance with national economic principles...in subordination to the maintenance of an optimum condition for the national economy" [ibid, p 486], together with paying increasing heed to socialist economic integration. The one as well as the other is indispensable to a "steady and consciously sustained proportionality" [16, p 640] as a condition for the development according to plan of the social reproduction process under the constraints of an ever closer interdependence between the production and consumption sphere and the energy economy.

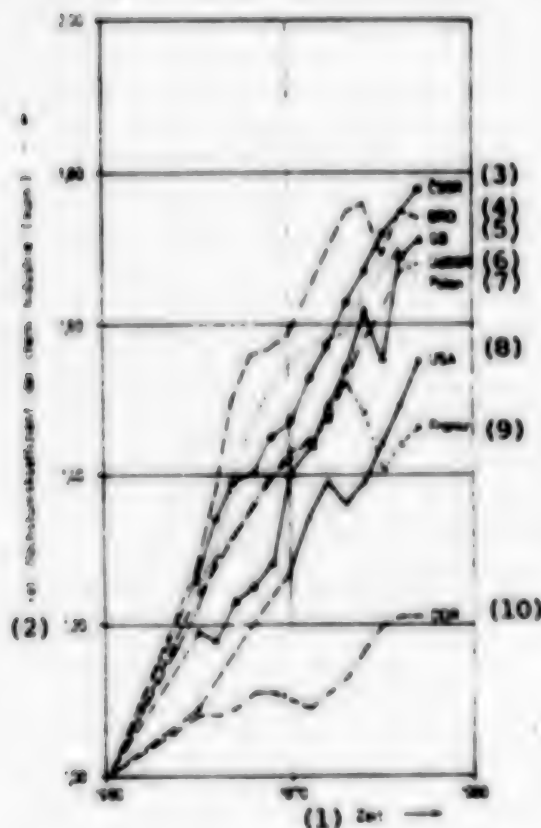


Figure 3. Relative Growth of the Chemical Industry in Comparison to the Development of Overall Industrial Production in Various Countries Since 1960

- Key:
1. Time
 2. Relative growth coefficient of the chemical industry (cumulative)
 3. CSSR
 4. FRG
 5. Great Britain
 6. USSR
 7. Poland
 8. United States
 9. France
 10. GDR

3. Summary

In the further shaping of the developed socialist society in the GDR, the continued strengthening of the material-technical base, in close association with the socialist intensification and acceleration of scientific-technical progress, is of great importance since it is a top-priority prerequisite for the realization of the policy of socialism's main task, which is directed at the welfare of the people. There is a close and reciprocal connection between the changes entailed by this in the national-economic correlations and structures, including also

the correlations and structure of industrial production, and the growth of the energy supply. In this connection, the relative pace of growth of chemical production is of particular significance. Being closely tied to changes in the structure of production within the chemical industry as well as to an efficient energy use, it exerts a strong influence on the relative growth coefficients of overall industrial electric-power consumption and of the gross primary-energy consumption in this country, as is also shown when international comparisons are made of characteristic developmental relations of the energy economy/national economy.

The conclusions to be drawn from this are that we need to be aware of this dependence, to continue to deepen our knowledge about it, and to effectively use it in our management of the reproduction process in the interests of a systematic elevation of our material and cultural standard of living and in the interests of an energy supply which corresponds to the requirements of industry and of all the other sectors of the national economy and the people, so as to ensure the balanced and proportionate development of the energy supply and so that we may solve the requisite problems.

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12114

CSO: 2300

DEVELOPMENT, ACTIVITY IN SECOND ECONOMY EXAMINED

Budapest FIGYELO in Hungarian No 46, 12 Nov 80 pp 1, 4

[Article by Istvan R. Gabor: "Second Economy: Waiting for Regulation"]

[Text] In recent years throughout the world, interest has been awakened in the so-called "second economy." Naturally the concept itself is not—and cannot be—the same in capitalist and socialist economic systems. (In the first case it concerns income-producing activities of the population that are hidden from taxation; in the second it concerns income-producing functions deriving from activities of production and services outside the primary sector of the economy, the socialist sector, and from other forms of work for the purpose of obtaining income or of savings.) Among the reasons for the awakening of interest in this, however, is the common recognition that the so-called second economy is large and growing and, at the same time, it has so far been insufficiently studied by scientists and it is difficult to track statistically, though it is playing an increasing role in the working of the whole economy.

This observation is valid for Hungary as well. The first results of studies begun in the last 2 or 3 years about the second economy have given an approximate picture of how wide-spread this sector of the economy has become in our country. Whether we take as a basis estimates of the amount of working time spent here, the proportion of the population involved, the effect on distribution of income, or the amount of goods and services produced, it can definitely be stated that instead of a predicted slow decline, this sector is growing. Progress has also been made in clarifying the general economic interdependencies that make long-range perpetuation of continued activity in the second economy understandable. These interdependencies throw light on the contradictions, conflicts and background that necessarily characterize the two economic sectors, which are closely connected—especially in the goods and employment markets—but which operate on different principles. At the same time, it can also be concluded from studies so far that the conflicts are in part of a different nature. The intensification of the contradictions arises from the unclear situation and variable official judgments and handling of the second economy. As a result, most of this sector today still operates by balancing on the borderline between legality and illegality. (See for example: "Where is wind coming from?"—FIGYELO 1980, no 39.)

Independent Also in Wages and Salaries

The most important conclusion, which can be regarded as the guiding principle of practical activities, can be derived from the results of the studies. Our economic

policy in the 1980's, particularly policy on the work force, must be given more importance--especially if we take into account economic growth in the socialist sector and forced moderation of the rise in living standards, and a greater role must be given to activities of production and service outside the socialistically operating organizations. If we accept this, it would seem that a correct starting point would be that the formation of more appropriate and varied legal forms of activity than we have today and a more balanced treatment of this sector would simultaneously increase the productive capacity of the second economy and ameliorate the conflicts that are arising today because of its existence. Naturally, for a program of activity to be worked out in this spirit we would first have to take into account the developmental tendencies and characteristics of the second economy, which appear permanent.

It is obvious that because of the opportunities for accumulation of capital and utilization of paid labor in the second economy, which are necessarily limited in a socialist economy, only a small portion of the population can base their livelihood exclusively on the second economy. Organization of this sector of the economy would decidedly result in an increase in the number of families that enjoy income from both the socialist sector and the second economy. More and more families are choosing this double economic status: on the one hand living from wages and salaries, and at the same time self-sufficiently "independent." And it is to be expected that with expansion of limitations on the utilization of paid labor and the accumulation of means of production, as well as a more consolidated tax policy, the number of such families will continue to increase during a transition period (5-10 years). However, on the basis of experience, and it is also logically probable, this can only temporarily stop the slow breaking up of the population connected exclusively with production of small goods (in the private sector), which can be seen already in our days.

Instead of working bees...

The activities performed in the second economy, a significant portion of which is done by the people regarded as inactive (housewives, retired persons, students) besides those working in the socialist sector, are expected in the future to continue to serve as sources of supplemental income. The peculiarity remains that a large part of the workers who are employed in the socialist sector but also participate in the second economy, concurrently perform both kinds of activity (obtaining additional income during official working time or afterwards, on holidays, weekends, vacations, or sick leave). Another part withdraws from the socialist sector to be sure, but they frequently return after a longer or shorter absence.

In studying the developmental tendencies of the second economy, one can note, as the second main permanent direction, increasing ground being gained by the entrepreneurial type. The roles the earlier driving forces, the power of the inertia of traditions, the pressure to acquire income at any cost, and the forces arising from deficiencies in supply, have been replaced by the attempt of workers (and families) to use their working strength rationally and profitably. This appears also in the fact that activity in the second economy often differs from the work of one's primary occupation--work not in demand on the "free market." This activity is being defined to a decreasing degree by the "place it occupies in the social division of labor." In addition to that an increasingly important role is falling

to actual market relationships and possibilities. (A good example of this is the rapid increase in recent years of small agricultural products by those whose main occupation is not agricultural.) That rational calculation has taken place is also indicated by the decline of certain traditional areas of activity, by the specialization of units within the second economy and, further, by the loss of ground by certain traditional forms of organization of work, such as bartered work (working bees) or by the increasing organization of such forms of work along the principles of enterprise management. One characteristic of the advance of this in the legal private sector is an increase in concentration of the work force in plants (the slowly decreasing number of those whose main employment is in a small business). Finally, this process is expressed in the rapid growth of those branches of industry more compatible with the entrepreneurial type (machinery industry, construction industry) contrasted with the ground lost by the traditional branches of hand-work industries and personal services.

Possible new forms

The most important conclusion that can be drawn from the phenomena mentioned above is that the possibilities for substantial growth above the number who are today employed principally in the legal private sector are very limited. The activities that cannot be economically accomplished within the framework of large industrial organizations, the fulfillment of certain functions of "background industry," better satisfaction of the needs of the population for consumer goods, and even the employment of those who are expected to be no longer employed in the socialist sector, cannot be resolved in this manner. The legal private sector can only be maintained at even its present size--in view of the areas of rapid decline--by more favorable and more balanced conditions for operation (tax and credit policy, supply of resources and materials, guaranteed sales, etc.) than exist at present. It is particularly unrealistic to expect that the disparity that now exists between the incomes achievable in the legal private sector and wages in the socialist sector (in favor of the former) can be ameliorated by swelling up (the number of those primarily employed in) the legal private sector and in that way increasing competition within the private sector.

At the same time we must reckon with a further expansion in the second economy, which will determine the forms of side activities. This, however, will swell up the number of units in the second economy which are especially small (poor in capital, working split shift hours, and operating as a supplementary source of income) and consequently extremely unstable and conjectural. In the midst of such a developmental trend, therefore, the uncertainty of obtaining additional production would increase, control of formation and utilization of income would become more difficult, and subsequent interventions made because of social pressure could easily turn into sources of tension in supply. The change in the number of families with double status and a shift in the most common means of living in the direction of the second economy would directly limit the possibilities for financial incentives in incomes based on different performances within the socialist sector. More important than that--and this hardly requires explanation--is the fact that increasing reproduction within the second economy in this manner would make only very limited growth in production by society possible.

Significant growth in the productive capacity of the second economy and moderation of the conflicts associated with its existence will seem an insoluble dilemma only

as long as fail to address the questions of increasing the number of forms of legal activity in the second economy, and of reviving, legally recognizing, and expanding other forms of small enterprises that have developed throughout history (small tenant farms, piecework system, small cooperative enterprises, simpler and more varied forms of cooperatives, etc.). It is reassuring that this kind of thinking—even the search for forms not yet in existence—has begun. Even though only to a limited extent so far, practical attempts are being prepared. As a result of these, the forms which can operate successfully on the boundary between the first and second economies can be crystallized. They will be assisted and prepared in gaining ground by a formulation of the system of institutions in the socialist sector that must inevitably take place sooner or later and that will—as I have tried to show—take away the validity of the opposition between the first and second economies, which is undoubtedly justified, but which leads to insoluble dilemmas.

9611

CSO: 2500

POLAND

BRIEFS

REDUCED COAL PRODUCTION --Coal imports from Poland to Finland have stopped altogether due to a considerable reduction in Polish coal output. According to an estimate of Imatran Voima Power Company, about one-third of the planned amount of just under 4 million tons of Polish coal failed to arrive this year. Instead of Polish coal, Finland has imported coal from the Western markets this autumn. Imatran Voima states that the ending of Polish coal imports will not cause a shortage of electricity, at least this winter. The situation is easier as all four nuclear power stations are generating electricity at present. [Text] [ID181834 Helsinki Domestic Service in Finnish 1530 GMT 18 Dec 80]

CSO: 3107

1981 STATE BUDGET ADOPTED

AU240715 Bucharest SCINTEIA in Romanian 19 Dec 80 p 3

["Law On the Adoption of the 1981 State Budget," passed at the 18 December Grand National Assembly Session]

[Text] The Grand National Assembly [GNA] of the Socialist Republic of Romania adopts the present law.

Article 1--The 1981 state budget features the centralized state revenues and their allocation in accordance with the targets of the single national plan adopted by the GNA and designed to finance the development of the national economy, social-cultural activities, national defense and other social requirements, on the basis of increased efficiency and calculated to ensure a financial and monetary balance.

The state budget envisages revenues totaling 313,635.9 million lei, and expenses totaling 313,635.9 million lei.

Article 2--State budget incomes and expenses for 1981 will be distributed as follows:

in million lei

	<u>Income</u>	<u>Expenditures</u>
--National budget	262,226.9	262,226.9
--Local budgets	51,409	51,409

The overall expense volume includes reserve funds totaling 32,523 million lei, including:

--A 4,787.7 million lei budget reserve for the use of the Council of State;

--A 311 million lei budget reserve for the use of the executive committees of the people's councils of the counties and of Bucharest municipality;

--A 27,424.3 million lei special reserve earmarked for projects that will be approved in the course of the 1981 budget, including outlays resulting from increases in contracting and production prices for agricultural produce and from updating and improving the correlation of prices in industry, construction and transportation.

Article 3--State budget revenues resulting from the withdrawal of part of the net production value for social uses; payments from the profits obtained by state economic units; goods turnover tax and taxes levied on the use of state-owned land are set at 214,454 million lei.

To secure the incomes listed under paragraph 1, the Council of Ministers shall take measures so that the ministries and other central and local bodies, the councils of working people in centrals and enterprises, the Ministry of Finance, the State Planning Committee, the Ministry of Technical-Material Supply and Control of the Management of Fixed Assets, the Ministry of Foreign Trade and International Economic Cooperation, the banks and financial-accounting bodies at all levels will ensure:

- a) Complete fulfillment of tasks of the net, physical and assortment production plan, by making maximum use of production facilities, improving technical-material supply, strengthening order and discipline in technological processes;
- b) Optimal fulfillment of the tasks envisaging cuts in material and overall production expenditures by cutting back consumption of fuel, energy, raw and other materials, recovering and utilizing re-usable materials, reducing indirect and administrative-management expenses, and obtaining highest possible productivity with the lowest possible manpower expenditure; complete fulfillment of the tasks envisaging additional cuts in production expenses and additional increases in labor productivity;
- c) The achievement of the profits envisaged in income and expenditure budgets by all economic units, the repayment of funds advanced by society, the complete fulfillment of obligations concerning payments to the state budget based on profits and obligations concerning the accumulation of funds for development and for providing material incentives for collectives of working people; the remitting to society of part of the value of their net production and other outlays established under the law; the preservation of the financial balance established;
- d) Fulfillment of the export plan by delivering goods on schedule, in the structural ranges and with the quality established under contract; better marketing of Romanian products abroad; securing advantageous export and import prices; implementing the targets established in the area of international economic cooperation;
- e) Reduction and elimination of funds frozen in unnecessarily large stocks thus reducing the volume of loans not repaid on schedule; they should work together with the banks to recirculate frozen stocks, to abandon the stockpiling of supplies not required for the production process, facilitate discounts, strengthen plan and financial discipline and keep within the approved funds;
- f) The exercising of systematic and permanent financial control, particularly preventive control, in all sectors of activity, and the intensifying of the defense of public property.

Article 4--State social insurance revenues for 1981 are set at 34,770 million lei.

Article 5--State budget revenues from taxes on the overall remuneration fund are set at 37,600 million lei, those from agricultural taxes on the agricultural

production cooperatives at 1,340 million lei, and revenues from income and other taxes levied on the people, at 3,084 million lei.

Article 6--Expenditures for the financing of the national economy, established in accordance with the provisions of the single national plan adopted by the GNA are covered by the funds of the economic units, the state budget and bank loans, in accordance with the law. State budget expenditures for this purpose are set in 1981 at 167,823 million lei.

To ensure greater efficiency in the utilization of state-allocated funds and funds belonging to economic units, the Council of Ministers shall take measures so that the ministries and other central bodies, executive committees of the people's councils of the counties and of Bucharest municipality, the centrals and enterprises, the Council for the Coordination of Investment Activity, the Ministry of Finance, the State Planning Committee, the Ministry of Material-Technical Supply and Control of the Management of Fixed Assets and the banks will ensure:

- a) Completion on schedule of planned investment projects; concentrated efforts to commission on schedule projects decisive for production; reduction of execution costs and shorter execution periods; lessening the investing of capital in unfinished projects, stockpiled equipment and equipment being assembled;
- b) The accumulation by the units of their own resources for financing investment projects out of their own profits, for covering production costs, paying for work performed and machinery purchased; efficient utilization of their own funds, borrowed or state budget funds earmarked for investment, and repayment of investment credits on schedule;
- c) Investment financing, in accordance with the provisions of the single national plan, within the limits envisaged in income and expenditure budgets and on the basis of the technical-economic documentation required by law; they shall ensure that funds earmarked for a certain purpose are not used elsewhere;
- d) Increased effectiveness of investment funds, by means of thorough technical-economic studies for new projects, judicious spending, reducing specific investment and investment costs, and saving on material consumption; special care shall be taken so that all production and social-cultural investment projects will comply with the norms and regulations resulting from the standardization of constructions and installations.

To ensure economical and efficient utilization of funds earmarked for financing other economic expenditures and projects envisaged in the 1981 budget, the Council of Ministers shall take measures to ensure that the ministries, the central and local bodies together with financial-banking bodies intensify savings in the units' use of material and cash resources, supply financing on schedule and in accordance with the stage of completion of the projects and activities envisaged in the plan, and eliminate inopportune and uneconomical expenses.

To ensure economic efficiency in the utilization of investment funds, when financing and approving credits for investment projects, i.e. when establishing expenditures and payments for such projects, the banks and financial-accounting bodies in centrals, enterprises and institutions shall closely supervise all expenses and act in accordance with the law to promote an efficient utilization of investment funds.

Article 7--In order to improve educational, health, recreation, culture, social security and other conditions reflecting on the people's living standard for all the country's citizens, expenses for financing social-cultural activities are set at a total of 75,683.4 million lei, including:

in million lei

a) Education	19,491
b) Culture and art	1,283
c) Health	15,570
d) Physical education and sports	367
e) State allowances and other aid for children	11,150
f) Pensions and aid for war invalids, widows and orphans, for the military and other social assistance	2,167
g) State social security	25,655

The Council of Ministers will ensure that the ministries, other central bodies, executive committees and bureaus of people's councils oversee the smooth running of educational, health, cultural and other socio-cultural units.

The ministries, other central and local bodies, and socio-cultural institutions, in cooperation with financial and banking organizations shall take measures to economically use existing material resources and to fulfill plan targets with minimum expenditure, by reducing maintenance and running costs, introducing stringent saving measures and increasing the revenues of socio-cultural units.

Article 8--Expenditures for the organs of state power and administration and for judicial organs and the prosecutor's office are set at 3,768.2 million lei.

Of those expenditures, 2.9 million lei are allocated to the GNA.

Article 9--Defense expenditures are set at 10,408 million lei.

Article 10--The revenue estimates envisaged in the budget are to be viewed as minimal targets, while expense ceilings may not be exceeded.

The ministries, other central bodies and executive committees and bureaus of people's councils will institute stringent expense saving programs, and will supervise the utilization of funds in accordance with the stage of completion of plan tasks.

Article 11--In accordance with the duties and tasks of the people's councils, the volume of the budgets of the counties and of Bucharest municipality for 1981 are as follows:

In thousand lei

<u>County</u>	<u>Total</u>	<u>Incomes</u>	
		<u>Local</u>	<u>Expenses</u>
		<u>Incomes</u>	
1. Alba	1,016,325	447,660	1,016,325
2. Arad	1,194,001	682,341	1,194,001
3. Arges	1,392,504	764,875	1,392,504
4. Bacau	1,506,897	720,322	1,506,897
5. Bihor	1,496,717	829,935	1,496,717
6. Bistrita-Nasaud	936,548	273,695	936,548
7. Botosani	1,075,918	402,655	1,075,918
8. Brasov	1,350,818	901,897	1,350,818
9. Braila	913,952	520,593	913,952
10. Buzau	1,054,955	562,723	1,054,955
11. Caras-Severin	939,128	434,871	939,128
12. Cluj	1,688,054	1,081,916	1,688,054
13. Constanta	1,780,074	1,115,388	1,780,074
14. Covasna	686,008	305,718	686,008
15. Dimbovita	988,563	510,543	988,563
16. Dolj	1,626,987	822,405	1,626,987
17. Galati	1,229,877	695,010	1,229,877
18. Gorj	1,104,380	383,908	1,104,380
19. Harghita	1,023,493	446,016	1,023,493
20. Hunedoara	1,416,815	628,353	1,416,815
21. Ialomita	1,092,596	456,300	1,092,596
22. Iasi	1,868,158	729,928	1,868,158
23. Ilfov	1,438,456	771,636	1,438,456
24. Maramures	1,276,084	562,499	1,276,084
25. Mehedinti	935,334	289,837	935,334
26. Mures	1,348,379	828,948	1,348,379
27. Neamt	1,097,328	671,596	1,097,328
28. Olt	1,111,828	498,856	1,111,828
29. Prahova	1,449,948	1,100,120	1,449,948
30. Satu Mare	993,872	476,533	993,872
31. Salaj	770,912	251,441	770,912
32. Sibiu	990,572	696,245	990,572
33. Suceava	1,351,688	626,872	1,351,688
34. Teleorman	975,855	517,432	975,855
35. Timis	1,599,311	1,050,235	1,599,311
36. Tulcea	709,723	329,454	709,723
37. Vaslui	1,098,418	362,896	1,098,418
38. Vilcea	1,054,679	430,791	1,054,679
39. Vrancea	963,457	331,939	963,457
40. Bucharest municipality	4,860,405	4,140,366	4,860,405
Total:	51,409,017	27,654,748	51,409,017

Article 12--The amounts deducted from the tax on the overall remuneration fund and the goods turnover tax levied on national units allocated as local budget revenues are established as follows:

County	Tax on overall remuneration fund	In thousand lei
		Amounts deducted from: Tax on goods turnover
1. Alba	409,665	159,000
2. Arad	458,660	53,000
3. Arges	627,629	--
4. Bacau	601,575	185,000
5. Bihor	564,782	102,000
6. Bistrita-Nasaud	196,853	150,000
7. Botosani	200,263	230,000
8. Brasov	448,921	--
9. Braila	393,359	--
10. Buzau	367,232	125,000
11. Caras-Severin	471,257	33,000
12. Cluj	606,138	--
13. Constanta	664,686	--
14. Covasna	200,290	180,000
15. Dimbovita	478,020	--
16. Dolj	733,582	71,000
17. Galati	534,867	--
18. Gorj	391,472	180,000
19. Harghita	310,477	267,000
20. Hunedora	788,462	--
21. Ialomita	301,296	170,000
22. Iasi	628,230	510,000
23. Ilfov	666,820	--
24. Maramures	516,585	197,000
25. Mehedinti	245,497	130,000
26. Mures	519,431	--
27. Neamt	425,732	--
28. Olt	365,972	247,000
29. Prahova	349,828	--
30. Satu Mare	286,339	231,000
31. Salaj	145,471	73,000
32. Sibiu	294,327	--
33. Suceava	461,816	263,000
34. Teleorna	274,423	184,000
35. Timis	549,076	--
36. Tulcea	250,269	130,000
37. Vaslui	250,522	150,000
38. Vilcea	285,888	120,000
39. Vrancea	211,518	192,000
40. Bucharest municipality	720,039	--
Total:	17,197,269	4,332,000

The executive committees of the people's councils of the counties and of Bucharest municipality shall take measures to attain the plan indexes on revenues from which amounts are deducted for local budgets in the area of the respective counties

and of the Bucharest municipality. Amounts deducted for the purpose of balancing local budgets will be kept within the approved limits, in accordance with the stage of realization of local incomes and with overall expenses of the counties and Bucharest municipality.

Article 13--Subventions allocated from the state budget for balancing local budgets in 1981 are set as follows:

<u>County</u>	<u>Amount in thousand lei</u>
Bistrita-Nasaud	316,000
Botosani	243,000
Gorj	149,000
Ialomita	165,000
Mehedinti	270,000
Salaj	301,000
Vaslui	335,000
Vilcea	218,000
Vrancea	228,000
Total:	2,225,000

Article 14--The Council of Ministers will ensure that the committee for people's councils' problems and other competent central bodies take measures to develop local economic units, enhance their efficiency and increase their profitability, organize voluntary public work for the good management and beautification of localities.

Article 15--The executive committees and bureaus of people's councils shall take measures to optimally implement their own income and expense budgets and those of the administrative-regional units subordinated to them and, in accordance with the principles of the economic-financial mechanism, will efficiently utilize the material and financial resources entrusted to them; they shall take measures to continuously develop small-scale industry, services and other economic activities with a view to increasing local revenues and on this basis, will gradually eliminate the need for subventions and will implement commune, town, municipal and county self-financing.

Article 16--The state budget is implemented under the guidance and supervision of the Council of Ministers. The Council of Ministers shall periodically examine the implementation of the state budget, the financial situation for the entire economy and for individual ministries, and shall take measures to maintain financial monetary and foreign currency balance, with a view to continuously bolstering the role of finances and credits in the economy.

The government of the Socialist Republic of Romania shall take measures to realize the revenues envisaged in the state budget and in the other financial plans, to maintain expenditures in accordance with the volume and targets established in the plan, and to enhance efficiency in all sectors.

The Council of Ministers shall report to the GNA on the implementation of the state budget.

Article 17--The organs of collective leadership in enterprises, centrals, ministries and other central and local bodies, supported by financial-banking organizations, shall periodically analyze the implementation of income and expense budgets, and shall take measures to realize all revenues, to efficiently utilize material and cash resources, and preserve the financial balance in economic units.

Article 18--The Ministry of Finance, banks, ministries and other central and local bodies shall provide guidance, support and supervision for the resolute application of the economic-financial mechanism in each socialist unit, for the implementation of workers' self-management and self-administration, and for the application of the income and expense budget as an instrument of financial management, control and balance.

Article 19--The Ministry of Finance, the banks and the entire financial apparatus shall resolutely work to:

a) Ensure that all units attain all the profits and other revenues envisaged in income and expense budgets on schedule, remit payments to the state budget, accrue their own resources, identify new possibilities of increasing revenues, collect all of the state's dues in lei and foreign currency, and ensure repayment of bank loans on schedule;

b) Promote responsible handling of public funds, effect all expenses in lei or in foreign currency responsibly and in accordance with the purpose established in the plan, implement stringent savings, reduce consumption, accelerate the rate of cash circulation, eliminate all waste, strengthen plan and financial discipline at all levels, and ensure financial balance;

c) Continuously raise economic efficiency throughout the national economy, strengthen preventive control of the utilization of material and cash resources, of hard currency payments and of repayment of bank loans, and of the optimal implementation of the 1981 plan and state budget.

The Ministry of Finance, financial-banking organs, ministries and other central and local bodies shall supervise and take measures to realize and utilize development funds, profit-sharing funds for the working people and other local funds of the economic units in accordance with the law and with the targets envisaged in the plan.

Article 20--The Ministry of Foreign Trade and International Economic Cooperation, the Ministry of Finance, the State Planning Committee, the economic ministries, centrals and enterprises, and foreign trade enterprises shall work to enhance foreign trade efficiency, to realize foreign currency payments, to greatly save on foreign currency expenses, to achieve an even balance of trade and foreign payments, and to gradually reduce foreign debt.

Article 21--The Supreme Court of Financial Control, the Financial-Banking Council, the Ministry of Finance, the banks, ministries and other central and local bodies shall work to exercise an exacting financial control in all the socioeconomic sectors, to judiciously and responsibly utilize material and cash resources, and to defend socialist property.

Article 22--The GNA Commission for Industry and Economic-Financial Activities shall analyze, in accordance with the law, the activities carried out by ministries and other central and local bodies to implement the state budget, and shall debate in plenary sessions of the commission the conclusions emerging from such analyses and measures and solutions suggested. The commission's reports, featuring analysis results and conclusions and suggestions emerging from the debates shall be forwarded to the Council of State.

Article 23--The general closing sheet for the 1979 budget is adopted, with revenues totaling 339,309,302,383 lei, and expenses totaling 337,626,844,433 lei, with a surplus of 1,682,457,950 lei, of which 100,937,060 lei were recorded in the national budget, and 1,581,520,890 lei in local budgets.

CSO: 2700

BILL ON INCREASING REMUNERATION, PENSIONS

AU231444 Bucharest SCINTEIA in Romanian 20 Dec 80 p 1

["Decision by the Grand National Assembly of the Socialist Republic of Romania on the Report by the Government of the Socialist Republic of Romania Regarding the Conclusion of the Action of Increasing Remunerations, Pensions, Children's State Allowances and Other Incomes of the People in the 1976-80 5-Year Plan"]

[Text] Examining the government's report on the conclusion of the action of increasing remunerations, pensions, children's state allowances and other incomes, the Grand National Assembly [GNA] of the Socialist Republic of Romania notes with satisfaction that the program on increasing the people's incomes, formulated upon the initiative and under the direct guidance of the party secretary general and president of the Socialist Republic of Romania, Comrade Nicolae Ceausescu, has been successfully fulfilled in the current 5-year plan by recording the highest increases in people's incomes in the overall period of socialist construction in our country.

The complete fulfillment of the program on improving the living standard in 1976-80 is the result of the work full of devotion and self-denial performed by the working class and all working people, irrespective of nationality, who, under the RCP's leadership, are resolutely implementing the party program on our socialist fatherland's constant development.

The GNA assesses that the activity to fulfill the measures on increasing the working people's remuneration, the peasants' incomes, pensions, children's state allowances and other incomes has been carried out in the spirit of the principles of socialist ethics and equity.

The increasing of remuneration took place by also ensuring a judicious correlation between the minimum and maximum remuneration in the economy and in keeping with the requirements of a stimulative differentiation of incomes and in keeping with the quantity and quality of work performed.

The GNA, together with all people, highly appreciates the untiring activity carried out by the party secretary general and president of the Socialist Republic of Romania, Comrade Nicolae Ceausescu, and his constant concern with consistently achieving--on the basis of the country's overall socioeconomic development--the supreme goal of our socialist system--the constant improvement of the people's material and cultural well-being and the creation of all necessary conditions for the full assertion of man and his personality.

The GNA of the Socialist Republic of Romania has decided:

Sole article. To approve the government's report on the conclusion of the action of increasing remunerations, pensions, children's state allowances and other incomes of the people during the 1976-80 5-year plan.

The Council of Ministers shall constantly act to apply the measures on increasing the working people's incomes in conformity with the program-directives for improving the living standard in the 1981-85 period and of continuously raising the quality of life as adopted by the 12th Party Congress, measures which ensure an increase in incomes of all categories of working people and contribute to raising the material and cultural living standard of all our people onto a new level.

The GNA calls upon all our working class, peasants, intellectuals and working people--Romanian, Hungarian, German and other nationalities--to work with devotion to fulfill and overfulfill the 1981 single national plan, the 1981-85 5-year plan provisions and to firmly participate in the work of better utilizing the overall economic potential and the material and human resources available in our country by taking firm action to increase the national income and the living standard and to improve the quality of life in the next 5-year plan to implement the RCP program of building the comprehensively developed socialist society and Romania's advance toward communism.

This decision was unanimously adopted by the GNA in its meeting on 19 December 1980.

CSO: 2700

BILL ADOPTED ON SUPPLYING OF PEOPLE

AU231452 Bucharest SCINTEIA in Romanian 20 Dec 80 p 1

["Decision by the Grand National Assembly of the Socialist Republic of Romania on the Report on the Government of the Socialist Republic of Romania Regarding the Supplying of the People in the Fourth Quarter of 1980 and the First Half of 1981"]

[Text] Following the steady development of the national economy and the implementation of the targets set forth in the party program regarding the increase in and diversification of the production of consumer goods, the quantities of foodstuffs and non-foodstuffs for the people have increased year by year, thus ensuring a constant improvement of the material and cultural living standard of all our people.

The Grand National Assembly [GNA] notes that the program on the supplying of the people formulated on the basis of the recommendations by Comrade Nicolae Ceausescu, RCP secretary general and president of the Socialist Republic of Romania, and in close conformity with the provisions of the 1981 socioeconomic development plan and with those of the 5-year plan and the 12th RCP Congress directives will ensure larger amounts and better foodstuffs and industrial consumer goods compared with the same period last year.

To ensure the supplying of the people with agricultural products, foodstuffs and industrial consumer goods both up to the end of the current year and in the first half of next year, the GNA of the Socialist Republic of Romania has decided:

Article 1. To approve the report by the government of the Socialist Republic of Romania on the supplying of the people for the fourth quarter of 1980 and the first half of 1981.

Article 2. The GNA asks the government to take measures so that the Ministry of Agriculture and Food Industry, the Ministry of Machine-Building Industry, the Ministry of Mines, Petroleum and Geology, the Ministry of the Chemical Industry, the Ministry of Light Industry, the Ministry of Forestry Economy and Construction Materials, the Ministry of Domestic Trade, the Central Union of Artisans Cooperatives, the Central Union of Consumer Cooperatives and the other central bodies, the people's councils and all bodies with tasks in the field of manufacturing and selling goods to the people, to take firm action to fulfill the production plan under favorable conditions to completely and smoothly deliver appropriate quality products, thus ensuring the complete fulfillment of the program on supplying the

people with agricultural products and foodstuffs and with industrial consumer goods in conformity with the levels envisaged in the plan on the country's socio-economic development.

At the same time, the Council of Ministers shall take measures aimed at judiciously managing resources designed for the market stock, at rationally and evenly distributing the goods for the people throughout the country, at improving the organization and operation of the trade network and public catering and at mobilizing goods available in people's households to a greater extent.

Article 3. Socialist units in agriculture, all residents in rural and urban areas, who own agricultural land, shall take the necessary measures to fully capitalize on the productive potential of lands to constantly increase agricultural vegetable and animal production, so as to meet their own consumption needs and to completely fulfill their duty of delivering goods to the state stock.

The GNA calls upon all working people in agriculture--Romanian, Hungarian, German and other nationalities--to take devoted action to completely fulfill the targets devolving upon agriculture under the country's socioeconomic plan and, on this basis, to ensure that people are supplied with meat, milk, vegetables, fruit and other agricultural products and foodstuffs under most favorable conditions.

This decision was unanimously adopted by the GNA in its meeting on 19 December 1980.

CSO: 2700

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